

EUROPEAN NEWS

Dutch back Mitterrand's plan to accelerate Emu

By Laura Raun in The Hague

PRESIDENT François Mitterrand of France yesterday won a conditional promise of Dutch support for a bid to speed up the process of European economic and monetary union (Emu)...

Supreme Soviet looks both ways on autonomy

By John Parker in Moscow

THE Supreme Soviet yesterday rejected as insufficiently radical a government bill to give republics more control over their economies. It then agreed to another proposal to increase the central government's control over scarce goods and ban price rises for them.

measures" was necessary to deal with chronic shortages, he said he would impose a rigid state order for basic necessities next year.

At the same time, the deputies turned down a bill to increase republican economic independence because they said it did not do enough to loosen the central government's control.

constitution proclaiming that "the right to secede from the Soviet Union is both holy and inviolable".

Sweden urged to join EC

By Robert Taylor in Stockholm

SWEDEN'S main employer organisations, SAF and the Federation of Swedish Industries, have decided to press for eventual Swedish membership of the European Community.

Call for W German wage moderation

By Andrew Fisher in Frankfurt

THE West German government's council of economic experts yesterday called for moderation by employers and trade unions in next year's wage talks to prevent inflation from getting out of hand.

The Bundesbank, the central bank, and the financial policymakers in Bonn should also move more strongly in the direction of price stability.

East Germany's leaders opt for the simple life

By David Goodhart, David Marsh and Leslie Collis in Berlin

EAST Germany's leaders say they are rejecting their luxury quarters outside Berlin for simple dwellings in the capital, in a graphic symbol of the new pressures they face.

SED would be likely to gain no more than 30 per cent of the vote.

rency reform is a precondition of economic reform in East Germany.

Advertisement for S.A. Transport Services featuring a steam locomotive and text: "If you had told these gentlemen about 7 km long trains and a turnover of R20 million plus per day, they wouldn't have batted an eyelid."

COMMISSION ANNOUNCES ACTION PROGRAMME Brussels acts on Social Charter. A far-reaching programme of legislation on workers' participation, maximum working hours, night work, overtime and worker share ownership.

Large advertisement for T. Rowe Price Associates, Inc. featuring a photograph of a steam locomotive and text: "With Profound Sadness We Announce the Death of Our Associate Alan M. Schreiber".

EUROPEAN NEWS

Warsaw warned on future of Lenin shipyard

By Chris Bobinski in Warsaw

BINDING agreements on the future of the Lenin shipyard in Gdansk will have to be signed by the end of next March if the yard is to survive, Mr Czeslaw Tolwinski, its chief executive, told a Polish parliamentary committee at the weekend.

The yard is one of five still in operation in Poland and Mr Lech Walesa, the Solidarity leader who led a legendary strike there in 1980, has been heading a rescue effort after the previous Communist government decided to close it a year ago.

In the summer Mr Walesa enlisted the help of Ms Barbara Piatecka Johnson, a US millionaire of Polish origin who has signed a letter of intent to set up a joint venture with the yard, but the agreement is now experiencing delays. Mr Tolwinski said progress in talks with Ms Johnson, who wants a 55 per cent share in the mooted joint venture, was "minimal" and that the date of any signing was "distant".

The West German Bremer Vulkan yard, which will be building part of a container ship order for the Soviet Union worth DM1.4bn (\$484m) and is hoping for further orders, has also expressed an interest in a possible joint venture with the yard.

The Gdansk yard has traditionally built ships for the Soviet Union but it has been a year since Poland signed any new shipping contracts with Soviet shipping companies.

This is because the Poles say that reliable payments are unacceptable, but any resolution of the problem awaits government-level negotiations on the method by which trade is to be financed in future.

Also, the Lenin yard is formally under liquidation, and while it is finishing old contracts it is not empowered to sign any new ones.

Men in the hull-making department will have to be laid off in February unless the situation changes. Already some 2,500 of the workforce have left the yard since the closure was announced, and the number of employees is down to around 7,500, compared to 17,000 at the yard's peak in the late 1970s.

The delay in establishing a company with Ms Johnson, who Solidarity says originally offered \$100m as an investment in the venture, has placed a question mark over a recent contract with PZM, a Polish shipping line, to build two 25,000-ton container vessels on K-2, a sector of the yard.

K-2 has the capacity to build six to eight ships a year, and has been leased to Duralinsl, a small British-owned company active in the yard since 1962, at a price of \$4.5m a year.

The completion dates for the two vessels are the first and second quarters of 1992, and Duralinsl, which is now hesitating about whether to go ahead, needs the rest of the yard operational if the ships are to be built.

The US general who believes his mission continues

Change in Eastern Europe is not seen as cause for a change of military strategy, writes Haig Simonian

FOR Lieutenant-General George A Joulwan, who in August took command of Vth Corps, the oldest active US Army corps in Europe, little has changed despite the momentous events in the German Democratic Republic.

The general, who commands the 62,000 fighting men defending West German's crucial central flank, remains firmly opposed to suggestions that the US military presence in Europe is becoming increasingly redundant. "Now is not the time to change the Nato (North Atlantic Treaty Organisation) structure," he says.

Sitting in his palatial office in the building which once housed IG Farben, Germany's inter-war chemicals cartel, the general, speaking before the recent talk in Washington of deep reductions in spending and manpower, remains unflexibly committed to the strategy which brought him and his troops to Germany.

The drama now unfolding in the East is "very positive for peace and freedom," he said. "Your heart has to go out to these people who are leaving everything behind to live in an atmosphere of freedom."

But the general betrays no outward trace of doubt about the continuing value of his mission, despite the recent developments in Eastern

Europe. A Vietnam War veteran who served his first tour of duty in Germany in 1962, Gen Joulwan is convinced about the central role of the men he commands in contributing to the changes which have taken place in the East bloc.

"For someone coming back and forth for over 30 years, there is no doubt that all this has happened because of the solidarity of Nato and the US commitment to the Alliance", he says with utter conviction.

The sacrifice made by the US over the decades, both in terms of money and emotion, is a constant theme. "Americans over decades have been prepared to move 5,000-6,000 miles away from their families and loved ones to help keep the peace. And the American people have paid heavily in terms of their Treasury to put these men in Europe."

He draws attention to the potential risks behind what is currently taking place in Eastern Europe. "There will be a period of great uncertainty and instability, which also gives me great cause for concern," he says. "You never know what the reaction is going to be on the other side. We've already seen that in the 1950s and 1960s."

But General Joulwan is willing to accept that the well-worn Western concept of



General Joulwan: "Your heart goes out to these people"

"peace through strength" might have to be revised if the pace of change in the East continues.

"I don't think the US soldier is mesmerised by what Gorbachev is saying," he says. "We're still trying to sort out their intentions. But we still see great military capabilities on their side. So our focus to our soldiers has to be to let the politicians and diplomats decide. When they've signed or negotiated a settlement, then there could be some phase of change."

In the meantime, the military will continue to concentrate on the Warsaw Pact's offensive strength. "We see the forces on the other side modernising and training very hard," he says.

Reports in the media of poor discipline among the Warsaw Pact forces is misplaced, Gen Joulwan thinks. "We have a pretty good idea of the quality of soldiers, of equipment and of training, so it's not just speculation."

Gen Joulwan, having attended Soviet exercises in the GDR in May, says: "I was impressed by the quality of equipment, the capabilities and the dedication of the officers

and soldiers," he says.

But the general accepts that changes in Eastern Europe are already having repercussions in terms of popular attitudes to the US military presence in Germany, especially among the young. A mixture of growing anti-Americanism, notably in the big cities, where matters are made worse by housing shortages, and irritation with aircraft noise and flying accidents in rural areas, has certainly soured the atmosphere.

"Sure, sure," he says. "You can expect to get more criticism from young people who were born sometime after the war." Meanwhile, "we've put a great deal of effort into relations with the local population, and I think it's better than at any time in the past," he says.

"We've got to train smart, manoeuvre smart and fly smart." And action is also needed outside the combat zone. Some \$60m is being spent in Vth Corps alone in a five-year project to convert coal-fired power plants to include district heating schemes.

Such things help, but they will fail to shrink popular German concern about problems with drugs, rape or Aids among the GIs, let alone the stories of drunkenness, wife-beating or lesser marital problems which often fail to get outside the compound.

Gen Joulwan admits to the difficulties, although concentrating on drunken GIs out on a Saturday night is only giving part of the picture, he insists.

Better education standards and fewer single men has led to an improvement in the image and deportment of the army in Germany in recent years, he thinks. "No less than 93 per cent of the men are now high school graduates," he notes. "And 52-53 per cent of those serving in Vth Corps are married now, compared with 20-30 per cent not so long ago. Part of the strength of our forward deployment force is the family."

"You shouldn't underestimate the depth of feeling" between Germans and Americans, he says. "I still maintain contact with the landlord I had in Schweinfurt back in 1962. This aspect of German-American relations doesn't get much attention."

For relations with the civilian population are one of Nato's biggest strengths, argues the general.

"There's no mingling between the East German military and the East German people. And even less between the Russians stationed in East Germany and the East Germans themselves. Sometimes we overlook things like this."

First private Greek TV channel on air

By Karin Hope in Athens

GREECE's first private television channel, a joint venture launched by five leading Athens newspaper publishers, went on the air yesterday, ending 20 years of strict state control of the electronic media.

The station, Mega Channel, has a three-month experimental licence under a media law passed in September. It should be extended to seven years when the controlling authority for private broadcasting, the National Radio and Television Council, comes into existence later this month.

Mega Channel, which broadcasts on three frequencies in the greater Athens area, can reach about 40 per cent of Greek homes. But in addition to the two state-controlled channels, it will be competing with a dozen foreign satellite channels and three other local stations, which are now running test programmes.

The three left-wing and two conservative publishers, normally fierce competitors in the newspaper market, set aside their rivalries to share the high cost of getting started in private television. The owners' 20 per cent stake in Mega Channel, which has cost about 10bn drachmas (£38m) to set up.

The publisher of the left-wing daily Eftimos, Mr George Bobolias, is taking the main executive role, while Mr Vardolis, whose family owns the conservative daily Messimerini and also has shipping and oil refining interests, is thought to have most financial clout.

In a country where until very recently, television broadcasts were heavily influenced by the information Ministry, Mega Channel's news

programmes aim to attract high ratings. "We want lively reporting and lots of current affairs," says the general manager, Mr Nikos Skoulas, a former tourism minister, citing high standards of news coverage set by Greece's private radio stations, which were licensed two years ago.

Other programming relies heavily on imported American crime series and soap operas, but of more recent vintage than those shown on the state-run channels, along with quiz games and films. "We must have broad appeal since our income will come only from advertising," Mr Skoulas says, adding that he has no idea how long it will take for Mega Channel to break even.

Television last year accounted for 46 per cent of total media advertising revenue in Greece of 38.5bn drachmas. TV revenues are expected to reach 48bn drachmas this year.

Mega Channel's main competitor is likely to be Antenna TV, due to start regular broadcasting next month, in which the American film baron, Mr Rupert Murdoch, is a shareholder, together with West Germany's Dr Leo Kirch, who owns Taurus Films and a stake in the Sat-1 television channel.

The main Greek interest is held by Mr Nikos Kyriakou, a ship-owner and the backer of Antenna Radio, the most successful of Athens's 20-odd private radio stations.

Setting up the channel has so far cost 15bn drachmas. "We're confident there's room for at least two private television channels in Athens," says Mr Spiliot Haramis, Antenna TV's deputy director general.

Ceausescu keeps hard line against reform

ROMANIAN President Nicolae Ceausescu maintained his firm stance against reform at the opening of a Communist Party congress yesterday, ignoring calls for change from the Soviet Union and Hungary. Renter reports from Bucharest.

Mr Ceausescu, 71, indicated that he and his party would not bow to pressure for the kind of Soviet-style reforms now under way in Hungary, Poland, East Germany and Bulgaria.

"The party cannot give up its revolutionary responsibility, it cannot surrender its historical mission to another political force," he told the congress in a five-hour speech.

Mr Ceausescu's address, which was met with cheers from the 3,500 delegates at the five-day congress, ignored a message from two of Romania's Warsaw Pact allies urging Bucharest to take into account the changes which have been sweeping other East bloc countries.

The Soviet Communist Party sent a pre-congress message to Romania pointing out the value of comparative views in discovering "the humanitarian potential of socialism".

On Sunday Hungary's ruling

Socialist Party went further and appealed to Romania to allow greater democracy and to respect the rights of its minorities.

Instead, the unyielding Mr Ceausescu announced plans to increase Romania's military strength.

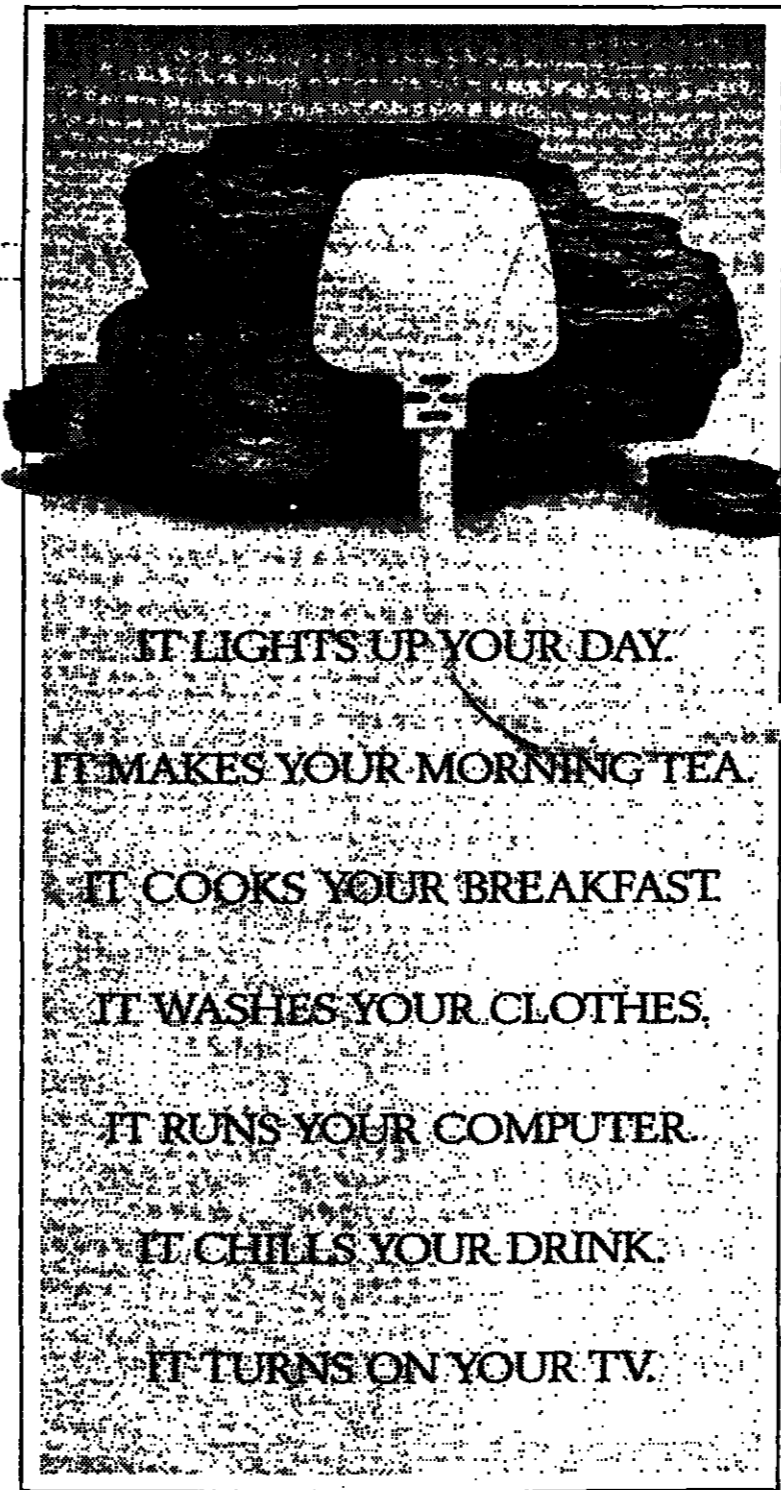
"Starting from the demands of defending the integrity and independence of Romania, our party and our socialist state will keep giving full heed to the continuous strengthening of the country's defence capacity," the Romanian leader said.

But Mr Ceausescu, who has ruled Romania with an iron grip for 24 years, is becoming increasingly isolated in the East bloc.

Two of his staunchest anti-reform allies - East Germany's Erich Honecker and Bulgaria's Todor Zhivkov - were forced to step aside recently to make way for more reform-minded leaders.

The country's physical isolation also increased ahead of the congress. Romania sealed its border with Hungary last Friday as part of extreme security measures which have barred everyone except Romanian nationals, diplomats and accredited journalists from the country.

CLEAN LIVING FROM COAL.



We turn on the lights. We make the toast, boil a kettle or watch TV. Each day and night we have instant, invisible power at our fingertips. We hardly think about it.

And if we take electricity for granted, do we ever think at all about the fuel that provides most of it?

Maybe we should.

You'd be surprised just how much cleaner coal burning is today.

The latest coal-fired power stations throughout the world aren't just more efficient, they can eliminate 90% of sulphur emissions. An extensive programme of installing this technology (called flue gas desulphurisation) in British power stations has now started.

World-wide, coal-fired power stations contribute only about 7% to greenhouse gases, while generating at least 40% of the world's electricity supply (both figures are from OECD statistics).

In Britain coal produces over three quarters of our electricity. Advances in combustion technology are impressive, promising us 20% more electricity from the same amount of coal, reducing emissions still further.

All of which means that modern coal will be able to generate electricity safely, cheaply and more cleanly for years to come.

And contracts offered by British Coal guarantee long-term prices to the power stations.

Which is good to know. Because it means we can go on living happily with British Coal well into the future.

For more information write to British Coal Marketing Department, Hobart House, Grosvenor Place, London, SW1X 7AE, or ring 01-235 2020.



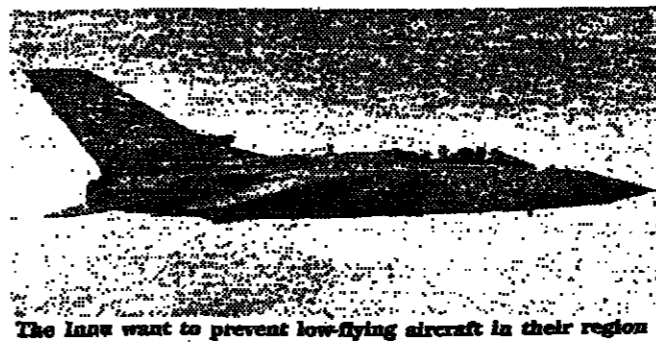
AMERICAN NEWS

Nomadic band takes on Nato

David Owen on the Innu struggle to remove a military 'colony'

WITH an ear-splitting roar, two RAF Tornados hurtle down the Goose Bay airport runway in north-eastern Canada. As they rise over the ruggedly beautiful Labrador countryside, the roar moderates into a receding rumble.

Within minutes they will be skimming over the lake-strewn bogs and fir trees at heights of as little as 100 feet. Such contour-hugging exercises are vital for contemporary fighter pilots if they are to develop the skills to avoid the increasingly canny missiles that the enemy will fling at them in times of war.



The Innu want to prevent low-flying aircraft in their region

Goose Bay is a Nato low-level flying centre of increasing prominence. Last year, about 7,000 low-level sorties were conducted by the British, Dutch and West German air forces. Under present agreements, this tally could increase to 20,000.

The base is also vying with Turkey's Konya to be chosen as the site of a new Nato fighter weapons training centre. If it wins, Goose Bay could legitimately claim to be entering a second golden age. The first followed the airfield's completion in 1943 when it was briefly the world's biggest.

It is not hard to appreciate why European air force commanders and governments are succumbing to Labrador's desolate charms. In stark contrast to cluttered Europe, where plotting a low-level flight path can require the patience of Job and the precision of an actuary, Goose Bay's two vast-flight zones contain not one permanent dwelling. At 30,000 square kilometres, Belgium would fit comfortably into the northern flying area alone.

With so few restrictions, "you can choose your routing almost the way you would in war", says Wing Commander Ray Hallett, the RAF's unit head.

"In Europe... if you end up flying into the sun, it's all part of life's rich tapestry."

Also in contrast to Europe, the gravitation of more flight training to Labrador enjoys strong local support.

Like most of Canada's remotest outposts, Happy Valley-Goose Bay, which abuts the air-base, is a one-industry town. Thanks to the base, it boasts an annual per capita income of more than C\$30,000

- a remarkable figure for perennially hard-up Atlantic Canada.

"It would be difficult not to make money in business here now," one local observer comments wryly. As he speaks, he guzzles cheap C&A-bottle beer at the Bulldog, a raucous RAF bar.

But for all its natural advantages, a shadow of considerable uncertainty hangs over Goose Bay's gilded future. The Canadian government and its European allies stand accused of squatting illicitly on Indian land.

The accusers are the Innu "people", the aboriginal hunter-gatherer inhabitants of the Labrador hinterland and the last remaining nomadic North American Indian band.

Never, the Innu say, have they entered into treaties permitting the "colonisation" of their lands. They lay claim both to the land on which the military base is constructed and to most of the territory being overflown. They refer to the snarl-shaped Quebec-Labrador peninsula as Ntesinan.

Under normal circumstances, the spectacle of a naive people of scarcely 10,000 souls prosecuting its personal (and peaceful) tit-for-tat against the might of the western alliance would be positively farcical in its tenacity. Particularly since more and more indigenous Canadians have indicated their readiness to negotiate the effective extinguishment of their aboriginal title under Ottawa's land claims process.

But the Innu campaign has made astonishing strides in just two years of concerted and scrupulously well organised action. This has included numerous demonstrations and a Greenham Common-style encampment maintained for three months on the Goose airport perimeter. It culminated

this month with the filing of an injunction seeking a ban on low-level flying pending the resolution of their grievances.

Sheshashuit, a settlement where some 850 Innu reside outside the hunting season, is some 35km from Goose Bay and a million miles from contemporary Canada.

Unmetalled roads pick their way between cramped wooden bungalows; the majority of which appear to be swarming with children. One little boy lifts a docile black puppy into a push-chair that has seen better days. Another plays with a model jet-fighter.

Early a hundred yards across the water lies the Hudson's Bay outpost of North West River, which once boasted the only herd of cattle in Labrador. The air is thick with the droning of dragonflies.

Between August and December and again from March to June, up to three-quarters of Sheshashuit's inhabitants return to the country to hunt caribou and to trap beaver and mink.

Such is the importance of the caribou or "atlu" in Innu culture that two of its antlers have pride of place on the green, white and sky-blue Ntesinan flag. They camp rough and are frequently on the move. No pastoral romantics, however, many now charter helicopters to lift them into the bush.

It has been two years since Peter Penashue, one of the Innu's young group of leaders, participated in such a hunt. "I am too busy fighting Nato," he explains with a grin. He contends, nonetheless, that such expeditions are "what makes the difference with our culture."

A stocky 25-year-old in jeans, chessboard shirt and a wooden crucifix, Penashue is articu-

late, guarded, fidgety and plainly nobody's fool.

What Penashue and his colleagues are looking for is nothing short of self-determination. They regard low-level flying as merely the most recent manner in which the white man has illegitimately exploited their land.

Earlier deprivations have included iron-ore mining (Prime Minister Brian Mulroney was once a senior iron ore industry executive) and a massive hydroelectric project.

As their 12-year-old statement, filed under the federal land claims process, held forth. They have since rejected the process lock, stock and barrel. Says Penashue: "What we are looking for is a dignified way of living for those who want to stay here."

The Innu, he says, are particularly resentful of the imposition on their community of the Canadian justice system. This resentment is usually directed at restrictions imposed on the hunting of certain caribou herds in the interests of conservation.

Recently, however, observers were astonished at the support displayed by a group of Innu women for a schoolteacher convicted of sexually assaulting Innu teenagers.

"It would have been better to have settled the matter within our own community," said one of the women at the time.

The Innu have a long road to ply, clearly, if their goal of an independent Ntesinan "within or if necessary without Canada" is to be realised.

None the less, Canada's desire to cement the future of Goose Bay provides them with a bargaining chip the like of which other native groups can only dream. The Department of National Defence (DND), after all, is as anxious to resolve matters as are the Innu.

"If there is a catalytic role that we can play... obviously we are interested," says Colonel Philip Engstad, the Canadian base commander.

Back in Happy Valley-Goose Bay, meanwhile, talk of an injunction has certainly raised the temperature. "If that injunction goes through, there are going to be a lot of pissed-off people," says John Hickey, a local telephone company employee. "I can't predict what is going to happen. It would be a dynamite keg."

In Brief

Venezuelan police seize record drug shipment

THE Venezuelan National Guard discovered 2,200kg of uncut cocaine during a raid on a warehouse in the central Venezuelan city of Valencia, Joseph Mann reports from Caracas.

The weekend seizure is the largest on record for Venezuela and indicates that narcotics dealers in neighbouring Colombia are now using Venezuela as a transfer point for large shipments of cocaine destined for markets in the US and Europe.

The Venezuelan police have expected a significant increase in narcotics activity ever since the Colombian Government declared war on the illegal drugs trade earlier this year. During the last one to two years, most seizures of cocaine in Venezuela have involved much smaller volume usually 2-10 kg strapped to the bodies of couriers.

Walesa wraps up tour

Solidarity leader Lech Walesa wrapped up a 10-day tour of North America yesterday with a day-long visit to the Philadelphia area where he received the city's highest civilian medal and appeared at an emotional mass, Reuters reports from Philadelphia.

More than 10,000 people joined in the Polish-language service in Doylestown and led by retired Philadelphia archbishop, Cardinal John Krol. Mr Walesa was scheduled to fly yesterday to Venezuela.

Peruvian officer shot

A senior Peruvian military officer was assassinated yesterday by Maoist guerrillas as he arrived home shortly after midnight, AP reports from Lima.

Simon Dufanito Navidad, 37, was stopped by three people who forced him out of his vehicle as he approached his house in a Lima suburb, they said. He was shot five times in the chest, arms and head, according to police.

Mr Dufanito was commandant of one of the army's highest ranks, of the air transport division in Lima.

Northwestern University Kellogg Graduate School of Management

Named the best U.S. business school by *Business Week* magazine, the Kellogg Graduate School of Management at Northwestern University offers managers the best in executive education. Learn from a wide variety of programs tailored to specific management responsibilities. Learn from distinguished faculty in the company of fellow executives. Learn from the best: Kellogg Graduate School of Management.

General Management Programs

- Advanced Executive Program
 - 76th Session Feb. 11-Mar. 9, 1990
 - 77th Session June 17-July 13, 1990
- International Advanced Executive Program
 - 26th Session September 3-15, 1990
- Executive Development Program
 - 22nd Session May 6-25, 1990
 - 23rd Session July 15-August 3, 1990
 - 24th Session Oct. 7-26, 1990

- Communicating with the Japanese Business World
- Consumer Marketing Strategy
- Corporate Financial Strategy
- Credit Analysis and Financial Reporting
- Decision-Making Strategies for Managers
- Developing a Corporate Pension Strategy
- Increasing Sales Force Productivity
- Management Development for Bankers
- Managing Communications for the Changing Marketplace
- Managing Financial Risk with Futures and Options
- Managing Human Resources in Restructured Organizations
- Merger Week
- Negotiation Strategies for Managers
- Strategic Financial Planning

Executive Seminars

- Advanced Futures and Options Strategies for Professional Financial Managers
- Art of Venturing: Entrepreneurship for the Businessperson
- Business Marketing Strategy

For more detailed information, check programs of interest and mail this ad to Executive Programs, Kellogg Graduate School of Management, Northwestern University, James L. Allen Center, 2169 Sheridan Road, Evanston, IL 60208-2800. Or call 708-864-9270, fax 708-491-4323, telex 821564.

Name _____ Company _____

Title _____

Address _____

City _____ Postal Code _____ Country _____

Phone (day) _____ Fax _____ Telex _____

A.A.C. présente
AUDITORIUM 44 - BRUXELLES
LE 4 DECEMBRE A 20H.30

THE MOUSETRAP
d'Agatha Christie
par le
English Theatre London

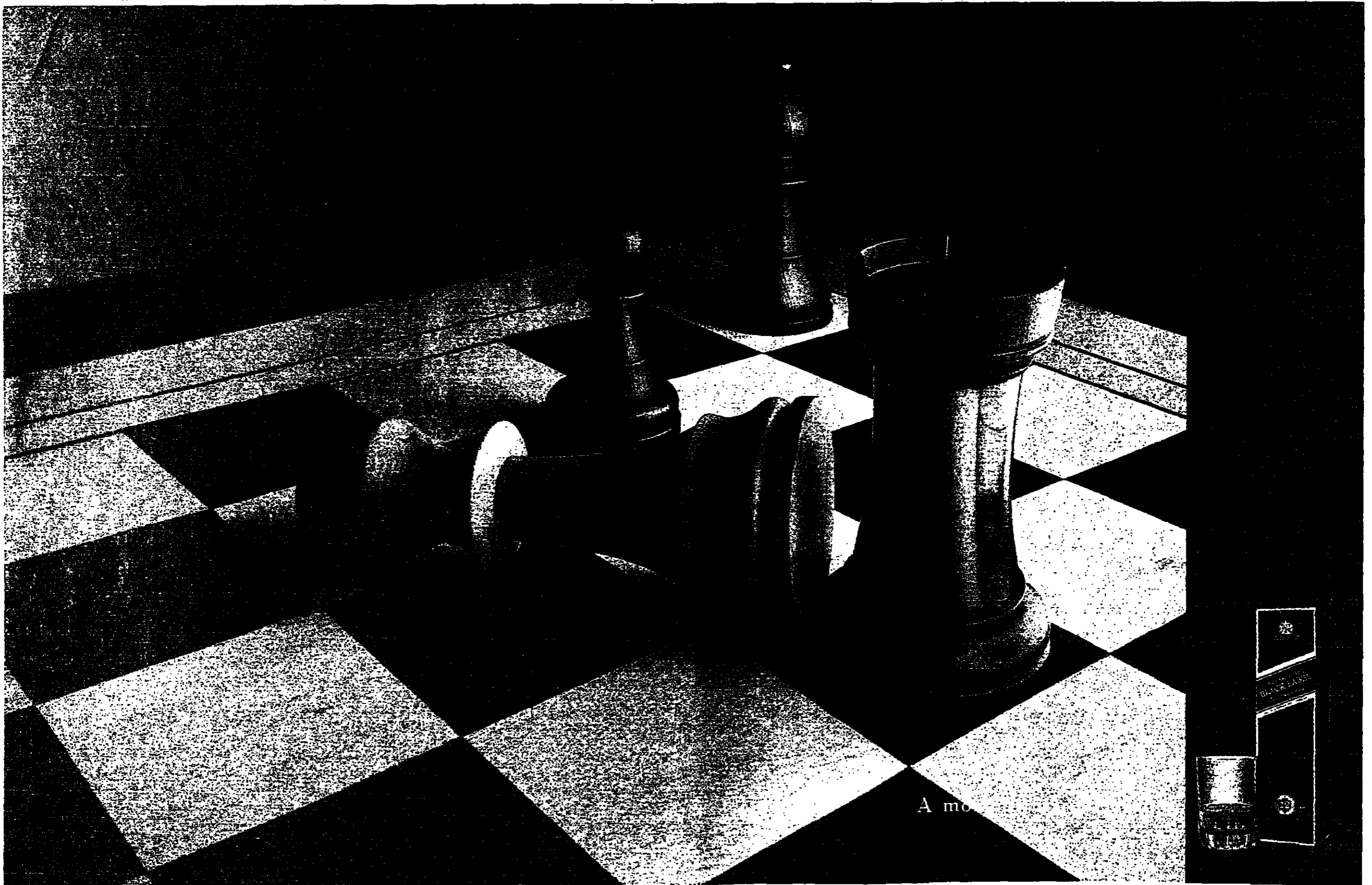
LOC.: AUDIT. 44-218.27.35
P.B.A.: 512.50.45

Credit Commercial

FINLAND
The Financial Times proposes to publish this survey on:
18TH DECEMBER 1989

For a full editorial synopsis and details of available advertisement positions, please contact:
CHRIS SCHAAANNING OR GILLIAN KING
on 01-873 3428 OR 4823
or write to him/her at:
Number One
Southwark Bridge
London SE1 9HL

In Finland: Peter Sorrensen
Salomonkatu 17A21
00100 Helsinki Finland
Tel: +358(0)694 0417
Fax: +358(0)693 3213



AMERICAN NEWS

Brazil's presidential rivals vie for support

By Ivo Dawson in Rio de Janeiro

A TENSE period of political intrigue was under way in Brazil yesterday as defeated presidential candidates consulted their supporters over whom to back in the two-man run-off on December 17.

By mid-afternoon, a final tally of the votes from last week's first round was still not available. But it was clear that Mr Fernando Collor de Mello, former governor of the tiny north-eastern state of Alagoas, will now contest the second round against Mr Luis Inacio Lula da Silva, known as Lula, the socialist Workers' Party (PT) candidate.

Mr Collor, with a vote expected to exceed 20m, or more than 28 per cent of the 82m-strong electorate, was reported

to be deep in behind-the-scenes talks with leaders of the fourth-placed Social Democratic Party of Brazil (PSDB).

But the party, whose candidate, Senator Mario Covas, surprised expectations by winning more than 8m votes, was also the subject of overtures from the PT.

The struggle for PSDB hearts and minds is the first clear indicator that both first-round victors are now battling for the centre ground.

Mr Collor - widely depicted as a right-winger by his opponents - has stressed in interviews that his programme is aimed at wide-ranging reforms based upon liberal economic policies.

Lula has also begun to play down the collectivist elements

in his programme, emphasising that he seeks a broad coalition of Brazil's progressive forces.

To achieve this, he has even shown himself prepared to envisage some measure of privatisation of the country's sprawling state industries - a reversal of his previous stance.

As the largely middle-class PSDB represents both outright socialists and progressive businessmen, the efforts to win its support have left the party in danger of splitting.

Analysts believe the national executive will decide at a meeting in Brasilia today to reject both overtures, advising voters to make up their own minds.

Fell-out from the first-round poll is also dividing the Democratic Movement Party (PMDB) - the broad-ranging coalition

that still dominates both houses of Congress.

Despite its efforts to cultivate a centre-left image, the PMDB has become a largely conservative force.

Nevertheless, it is unlikely to back Mr Collor, who deserted the party's ranks in 1987 when he broke publicly with the PMDB-supported government of President Jose Sarney.

At the same time, outright backing for Lula would provoke large-scale desertions. So it too may choose to sit on the fence.

The first round outcome has also inspired an outpouring of political pique, bitterness and outright cynicism.

Mr Leonel Brizola, the left-wing populist narrowly defeated by Lula in the race to

enter the run-off, is now apparently refusing to pledge support for him unless formally requested to do so.

Mr Ulysses Guimarães, the PMDB leader hammered in the polls, has now declared himself to support a parliamentary system of government despite his fierce opposition to the idea when he thought he had a chance for the presidency.

But no one can surpass the post-poll behaviour of Mr Paulo Maluf, a long-time right-winger and advocate of liberal policies, along the lines of those now being offered by his godson, Mr Collor.

Tired of being tarred with the conservative brush, Mr Maluf is now reported to be backing Lula.

Bush seeks 'decade of democracy' for Europe

By Our Foreign Staff

PRESIDENT George Bush said yesterday that his goal at next month's superpower summit in Malta would be to make the 1990s a "decade of democracy" in Eastern Europe.

Mr Bush, who has been criticised for his failure to meet imaginatively to the challenge of change in Eastern Europe, said his meeting with Mr Mikhail Gorbachev, Soviet leader had been made possible "...because America has been resolute in defence of liberty."

He was speaking at a fundraising luncheon.

Mr Bush and Mr Gorbachev are to meet on December 2 and 3 on US and Soviet warships in the Mediterranean off the coast of Malta. The opening of the Berlin Wall and the spread of democratic reforms in Eastern Europe are expected to dominate the meeting.

"[The meeting] will occur amid the changes sweeping East and Central Europe and bringing freedom to millions who share a common heritage with so many in Illinois," he said. Chicago was the scene on Sunday of a triumphant address by Lech Walesa, the Polish trade union leader, to the Polish American community.

The White House also announced yesterday that President will make a nationally broadcast address tomorrow evening on events in Eastern Europe and the summit.

The speech, time will be broadcast from the presidential retreat at Camp David in Maryland where Mr Bush is spending the Thanksgiving holidays. It will be only the second time in his presidency that he has made a prime-time televised address. The first was on September 6 when he announced details of an anti-drug programme.

The White House also confirmed that the President would stop in Brussels after the summit to brief the North Atlantic Treaty Organisation allies.

The North Atlantic Council will convene on December 4 at Nato headquarters to consult with President Bush after his meeting with President Gorbachev," confirmed Nato, in a statement from Brussels.

US hints at support for increase in resources of IMF

By Peter Norman, Economics Correspondent

SENIOR OFFICIALS from the Group of Seven leading industrial countries met in London yesterday amid signs that the US is now prepared to support an increase in the resources of the International Monetary Fund.

European monetary officials said they believed the US would back an increase of around 50 per cent in IMF quotas or membership subscriptions from their current level of 90bn special drawing rights (\$114.54bn).

When the quota issue was last discussed among the G7 and in the IMF's policy making Interim Committee in September, Mr Nicholas Brady, the US Treasury Secretary, said that a "fully persuasive case" had not been made for a pressing increase in quotas. This was a view that the IMF management and most IMF members disputed at that time.

US support for a quota increase could pose problems for the British Government by reopening the difficult issue of Japan's wish for a move upwards in the IMF pecking order from number five at present to number two.

Britain, at present the second ranking member in the Fund, has indicated that it is prepared to make way for Japan once the question of an

increase in the IMF's resources has been resolved. However, Britain shows no willingness to move further down the rankings as part of a general reshuffle of IMF shareholdings. In turn, neither West Germany nor France, which are currently the third and fourth largest shareholders in the IMF, are willing to move downwards to accommodate the British at number three behind Japan.

It was unclear last night how far these issues had been discussed at the meeting of G7 deputies. The officials were also expected to debate the difficult problem of arrears owed by a number of very poor developing nations to the IMF and more general questions relating to Third World indebtedness.

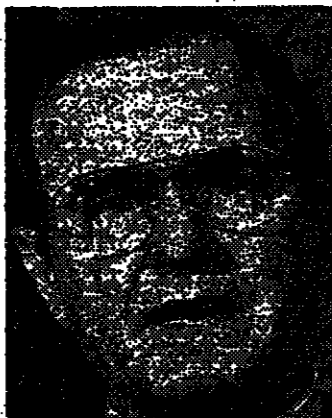
The G7 countries have widely different views about what the level at which IMF resources should be fixed. France and Japan, for example, support Mr Michel Camdessus, the IMF managing director, who has campaigned this year for a doubling of quotas. West Germany has indicated that it would support a two-thirds quota increase while Britain has so far said that the quota increase should be no more than 25 per cent.

Congress struggles over budget

By Peter Riddell

CONGRESSIONAL leaders were yesterday struggling to produce a budget bill before the Thanksgiving Day recess which would meet President Bush's demand for a \$14m cut in the federal deficit in the current fiscal year.

The Administration is relaxed about the problems on Capitol Hill, since many senior officials would be content to retain the entire year's cut of \$18.1bn across-the-board cuts in federal spending known as sequestration, which were imposed in mid-October. This would also make less difficult the task of meeting the deficit target for the next, 1991 fiscal year.



Bush: demanding cuts

However, the substantial reductions in defence spending suggested by Mr Dick Cheney, the Defence Secretary, will help to cut the deficit. Congressmen yesterday generally welcomed his proposals as a reflection of both budgetary constraints and the changed international situation.

The US armed services are currently preparing options including the closure of bases, stretching out the purchase of the B2 Stealth bomber and eliminating five fighter wings, a couple of aircraft carriers and several army divisions.

But Mr Cheney has stressed that the US must still modernise its strategic nuclear forces, including the mobile land-

based missile system, as well continuing work on the Strategic Defence Initiative, popularly known as Star Wars.

In the current fiscal year, Mr Bush has warned that he will veto any deficit reduction bill unless it achieves a real cut of \$14m without accounting gimmicks. But Senator Pete Domenici, a leading Republican budget specialist, has warned that current proposals could fall \$8m short of this goal. This is because of devices such as accelerated collection of income tax payroll deductions, which would raise \$2.5bn.

There are also problems about provisions which increase federal spending on

social security and welfare programmes.

One solution may be to accept some of the across-the-board cuts. For instance, accepting sequestration until the end of January would save \$4.4bn. Congressional Democrats object to a longer period of such cuts since there would be a growing impact on social programmes.

Budget negotiators have agreed a package resulting in \$5.3bn of higher taxes in the current fiscal year. Apart from the speeding up of payroll taxes, the other provisions include fees on the purchases of international airline and cruise tickets, a new tax on the production of ozone-depleting chemicals, restrictions on deductions available to banks that lend money to employees stock ownership plans and limitations on tax relief for companies involved in leveraged buy-outs.

But there remain arguments between the Senate and the House about whether any of the controversial catastrophic health plan for the elderly should be retained, or whether it should be repealed entirely. The bill will definitely not include any capital gains tax reduction since on two procedural votes last week the supporters of a cut failed by nine to get the 60 votes necessary in the Senate to close off debate and force a vote.

US team prepares for Polish mission

By Lionel Barber in Washington

PRESIDENT Bush is sending a high-level US delegation to Poland next week to discuss how the US can help the new Solidarity-led government to pursue its economic reform programme.

The team, including top US officials as well as business leaders, will visit Poland between November 29 and December 2.

Its task will be to gather information on the Polish economy and report back to the President on how expertise from the US can assist the reforms.

President Bush's proclaimed desire to send urgent help to Poland last week when he vetoed a foreign aid appropriations bill which provided more than \$500m in assistance.

Mr Bush objected to a provision giving \$15m to a UN agency that funds a Chinese population programme which critics say amounts to compulsory abortion and sterilisation.

He also opposed language restricting his ability to extract a *quid pro quo* from foreign governments receiving US aid.

Dr Michael Boskin, chairman of the Council of Economic Advisers and a member of the delegation, said he was confident that differences with Con-

gress could be ironed out on the foreign aid bill.

Dr Boskin said Poland had an ambitious programme covering the reduction of inflation (now running at 35 per cent a month); reducing the budget deficit; privatising state companies and encouraging savings and investment.

The planned reforms needed to be matched to an IMF programme to restructure the economy which should be ready by January, he said. Meanwhile, talks are under way for a bridge loan to help Poland's short-term balance of payments.

Dr Boskin said macro-economic adjustment such as the need for price stability would almost certainly take precedence over reforms aimed at cutting state subsidies and dismantling Poland's centrally planned economy.

The US and West Germany were co-operating to form a \$1bn stabilisation fund to support the zloty and thereby back price reform.

The mission follows a trip to the US by Mr Lech Walesa, the Solidarity trade union leader. The team includes Mr Robert Moshbacher, Commerce Secretary, Mr Clayton Yeutter, Agriculture Secretary, and Ms Elisabeth Dole, Labour Secretary.

Boeing workers to vote on end of six-week strike

By Roderick Oram in New York

BOEING WORKERS were due to vote last night on new contract terms aimed at ending a six-week strike which had virtually halted production at the world's largest aircraft manufacturer.

Hopes were running high in Seattle, Washington, home to Boeing and most of the 57,000 striking workers, that the new agreement would be ratified and work resume by the middle of the week.

With its airliner production capacity stretched to the limit by a \$650m backlog of orders, Boeing has no hope of catching up on production time lost during the six-week strike. It was

due to deliver an airliner a day during the fourth quarter. Using supervisory personnel it was able to complete only 23 aircraft which were almost finished when the strike started on October 4.

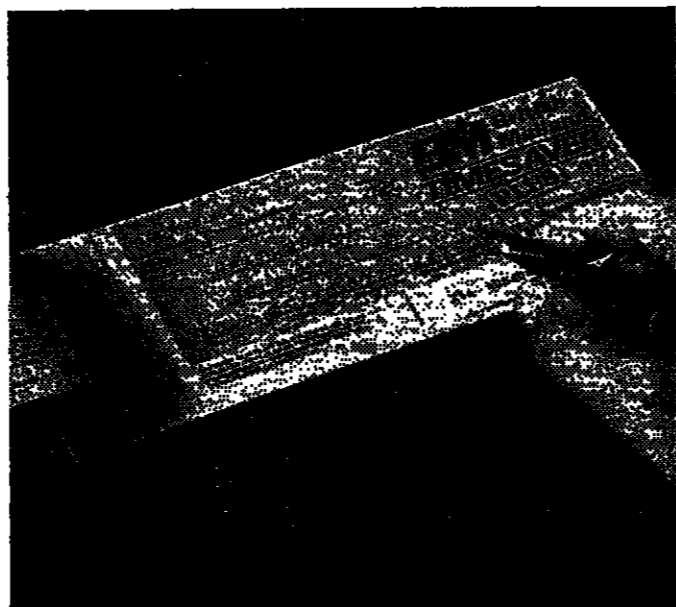
Analysts believe it could take Boeing several months to bring production back up to pre-strike levels, creating additional problems for airlines hoping to expand their schedules. Big airlines have tried to cope with the disruption by delaying sales of used aircraft. But some smaller carriers such as America West, based in Phoenix, Arizona, have had to delay new services.

WHY BUSINESSMEN FLY DIAMOND SERVICE - TIME, TIME AND TIME AGAIN.



TEN MINUTE CHECK-IN FOR ALL OUR PASSENGERS

British Midland have always understood the needs of the business traveller. Unlike other airlines, we have always valued your time. Unlike other airlines, we continue to offer a ten minute check-in to all our passengers, not just those paying full fare. Unlike other airlines, we have a reputation for punctuality. And since our Boeing 737



SAVE EVEN MORE TIME AND MONEY - WRITE YOUR OWN TICKETS

aircraft from Heathrow to Belfast, Edinburgh and Glasgow have full CAT III all-weather landing capabilities, British Midland are even better equipped to get you to your appointment on time. Unlike other airlines, our Timesaver Plus self-ticketing scheme lets travellers write their own tickets, but still makes available a full range of competitive fares and offers a



AWARD-WINNING PERSONAL SERVICE

corporate discount. And most important of all, unlike other airlines, British Midland staff will always make time for you, the business traveller, with a personal service our competitors only pretend to match. Obviously, there are some Diamonds the competition can't steal. No wonder businessmen who fly constantly, constantly fly British Midland.

Diamond Service only from **BM British Midland**



In June, 1990, more than two hundred thousand Select Registration numbers will be available for sale through the DVLC's 'Sale of Marks' initiative.



It's a unique venture, so they've got to be sure it's handled correctly.

That's why Teledata has been chosen to handle an important part of the 'Select Registrations' Sale.

Teledata is the country's leading telephone marketing company famous for its 01-200 0200 number.

If you want to know more, call our special DVLC 'Sale of Marks' Enquiry Line on 01-200 8888.

Now you've got our number. And chances are, we've got yours.

TELEDATA 01-200 8888

Teledata a Division of

AIR CALL
COMMUNICATIONS

A **BELLSOUTH** Company

WORLD TRADE NEWS

Exxon unit unveils Malaysian gas project

ESSO Production Malaysia (EPMI), a unit of Exxon, the US oil giant, will invest 100m Ringgits (\$3.7bn) over the next decade in a gas project...

Gatt squabbles over farms and market access

A MULTINATIONAL conference to review progress under the General Agreement on Tariffs and Trade ended in Tokyo at the weekend...

US set to act over Japanese construction barriers

By Nancy Dunne in Washington THE Japanese public construction market is likely to be the target today of the tough measures provided in last year's US Omnibus Trade Act...

deputy foreign minister for economic affairs, in Washington earlier this month, said 10 American construction groups had been officially registered to work in Japan...

An open door does a service, says OECD

DEVELOPING countries stand to gain economically, in particular as a result of skill transfers, by agreeing to liberalise trade in services in the Uruguay Round of multilateral trade negotiations...

responsibility and control. In a similar way, in insurance, American International Group, has transferred 100 per cent responsibility for motor insurance underwriting to its local units in Kenya and Nigeria...

Thailand picks joint venture for steel complex

The Thai government has picked a Thai-Italian joint venture to build Thailand's first integrated steel plant...

Cuba sees hard currency earnings boost from 1992

While many of its colleagues in the developing world contemplate the creation of a single European market with some uncertainty, Cuba sees the changes in 1992 as an opportunity to increase its hard currency earnings...

THE VOICE OF SOUTH AFRICAN BUSINESS

Trade with Africa is a bridge to a better political climate. Dr Anton Moolman, Managing Director of South African Transport Services talks to John Spira, Financial Editor of the Johannesburg Sunday Star.



Dr. Anton Moolman

Spira: South African Transport Services (SATS) is a large organisation, even in world terms. What is the extent and scope of its operations? Moolman: SATS is a multi-modal transport organisation, comprising railways, harbours, pipelines, road transport services and an airline...

Manila export zone sell-off

The Philippines government intends to privatise the country's export processing zones by 1992, Mr José Concepcion, the Trade Secretary, said yesterday...

Advertisement for Sheraton hotels. Includes text: 'On land, on water, Egypt's finest hotels share an obvious attraction.' and 'The name. Sheraton. In a land with over 5,000 years of civilization...' along with a map of Egypt and hotel locations.

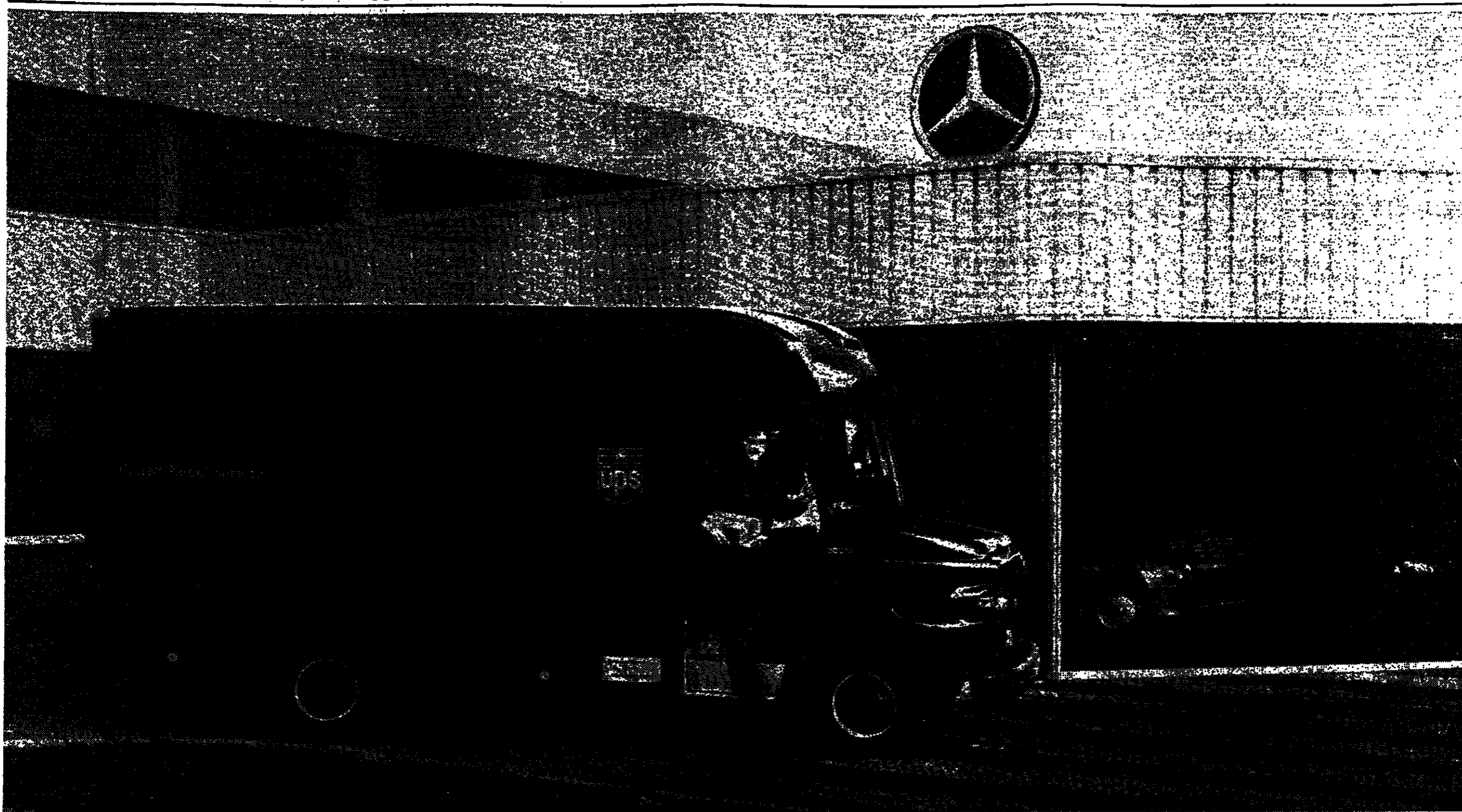
Spira: How do you respond to the accusation that motorists are paying a premium on petrol to finance SATS's pipelines? Moolman: We have a whole network of pipelines catering for both crude and refined fuels. We make a lot of money out of the pipelines but the extent to which motorists pay for the pipelines is far less than they think...



Our cleaning is anything but bog standard. Do you ever walk into your company washrooms and think they could do with a good wash themselves? Well, relief isn't far away. Call in Initial, BET's office cleaning specialists, and you can wash your hands of all responsibility. We've just become the first cleaning company to be awarded the British Standard BS5750 mark. (It's the one mark we have no intention of removing.) We'll discuss your requirements and ensure that the service we promise is the service you'll receive. And while you're making a clean sweep, why stop at the washroom? We can handle any job from office premises to the largest factory floor. Initial is only one of a number of BET companies to have already attained BS5750 - an important part in the process all BET companies are following to improve standards right across the board, proving that it is possible to be a jack of all trades and a master of the lot. A single phone call will put you in touch with any one or the whole family of our support services. Just ring 0800 01 01 22 for more information or write to Paul Farr, BET, Stratton House, Piccadilly, London W1X 6AS. And we'll be delighted to start work at your convenience. **You take care of the core business. We'll take care of the chore business.** **BET**

WE HAVE OVER 300 SPECIALIST COMPANIES. FEATURED ABOVE ARE INITIAL CONTRACT SERVICES, INTERNATIONAL FERRY FREIGHT, AND UNITED TRANSPORT TANKERS.

At UPS,
An Overnight Parcel From Newcastle To Stuttgart Is Nothing Unusual.
But To The 'Commercial Motor' Survey It Was . . .



... The Winning Delivery.

In the first 'Commercial Motor' European Parcel Survey,
UPS won "hands down on price, and more than matched its nearest rival
on telephone manner, personnel efficiency and careful handling of the package"
(Commercial Motor Magazine, 17 August 1989).

Twenty companies were asked, anonymously, to make a next day delivery from Newcastle
to an outlet of a major German car firm in Stuttgart.

Six accepted the challenge. Only two delivered.

And of these two, UPS was "just as reliable, just as efficient and just as friendly
for a quarter of the . . . price."

At UPS, we've always said that, in our business,
success is measured one delivery at a time.

That day in Germany, we measured up to our words.



United Parcel Service
As sure as taking it there yourself.

For further information call Austria: Star Air Parcel Service - Tel. 0222/7770 3556 or 3557 Belgium/Luxembourg: UPS - Tel. 02/7517777 Denmark: UPS - Tel. 01/517511 Finland: UPS - Tel. 90/8702477 France/Monaco: UPS - Tel. 1/4892 5000
Greece: ACS International LTD - Tel. 01/5225912 Ireland: UPS - Tel. 01/427766 Italy: UPS/Almondo - Tel. 02/50791.1 Netherlands: UPS - Tel. 020/604 5222 Norway: Aircontact Cargo - Tel. 02/122020 Portugal: Sadocarga - Tel. 01/607127 or 607595
Spain/Andorra: Servitrans S. Coop. LTDA - Tel. 91/7787000 Sweden: Scanflight AB - Tel. 08/7978000 Switzerland/Liechtenstein: UPS - Tel. 061/572755 Turkey: Unsped Paket Servisi - Tel. 01/5826922
United Kingdom: UPS - Tel. 01-751 1251 West Germany: UPS Deutschland, Inc. - Tel. 06196/472141 Yugoslavia: Intereuropa - Tel. 41/675102
© Trademark and service mark of United Parcel Service of America, Inc., of USA

UK NEWS

Key Ford wage dispute moves closer to strike

By Michael Smith, Labour Correspondent

THE PROSPECT of industrial conflict at Ford, the vehicle manufacturer, moved closer yesterday when union leaders decided to recommend the company's 32,000 manual workers to strike over pay.

The unions, led by the TGWU general workers and AEU engineers, said they would be available to meet Ford negotiators, but only if the company reconsidered the "final offer" it made 10 days ago.

Their tough stance has implications both for the Government's fight against wage inflation, and for hundreds of manufacturing companies whose pay negotiations are traditionally influenced by the Ford pay talks as a guide for their own negotiations with unions.

Mr Jimmy Airlie, lead negotiator for the AEU at Ford, refused to be drawn on when the unions would start balloting. Internal union talks would be held during the "next few weeks" before a vote.

The Ford ballot decision coincided with the third of a series of one-day strikes by 4,500 manual workers at the

Luton plant of Vauxhall, the General Motors subsidiary. At Ford there is no argument about the value of the offer which would mean a 3.5 per cent increase in the first year of a two-year deal and inflation plus 2.5 per cent in the second year.

Mr Jack Adams, lead negotiator for the TGWU, said workforces at each of Ford's 22 plants had shown in a series of near-unanimous votes last week that they did not consider the offer enough from a company which last year made profits of £673m.

However, the unions do not want to talk about productivity until they get a higher offer. They also want the company to drop its resistance to a reduction in the 39-hour week.

The London Ambulance Service management offered to put all 999 emergency calls through to ambulance crews and abandon the use of police and troops, in a bid to get a proper ambulance service back on the road, and in what was seen as a big climbdown on the part of LAS management in the long-running national dispute.

TV finally switches on to the House of Commons

Ralph Atkins reports from inside Parliament on an historic day for British democracy

THE HOUSE of Commons opens its doors to the television cameras today, anxious and unsure how political drama will go down with a previously-sheltered public.

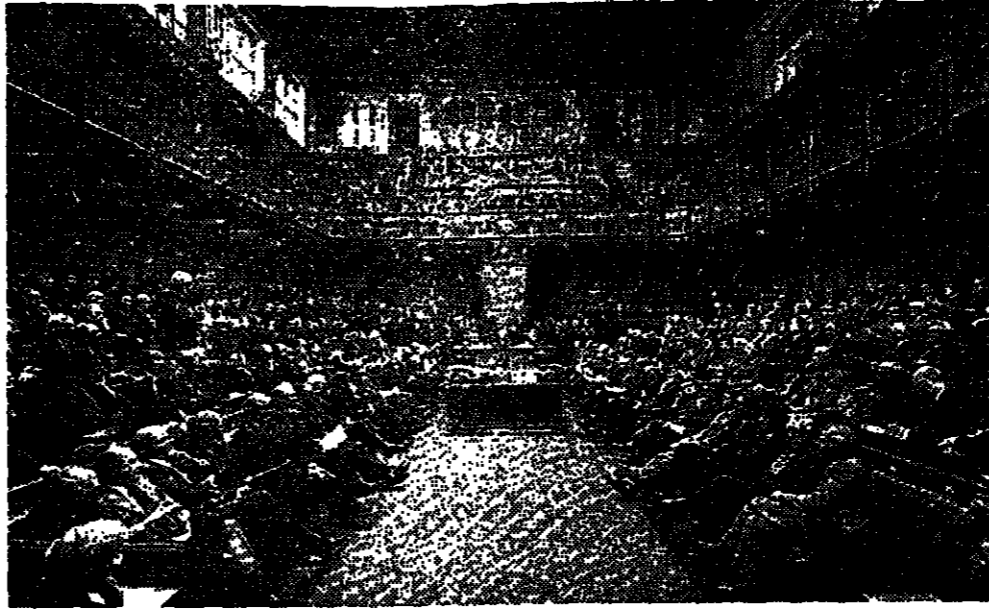
MPs collectively have been suffering butterflies in the stomach. It is not stage fright. The lights have been on for five weeks, stage directions are well-rehearsed and face powder and dress co-ordination hardly unfamiliar in a TV age.

More, it is a realisation that the powerful force of television is likely to change the character of the chamber for ever, and, in turn, the democratic process.

The door may be only ajar to start with. Broadcasters face numerous restrictions on what shots can be shown. But, after the year-long experiment has ended, that door is more likely to come crashing down than be shut once more.

In an extreme scenario painted by some, Government statements and opposition responses will be aimed merely at creating "sound-bites". Details will be left for behind-the-scenes briefings.

Big debates will focus, not on the nitty-gritty of legislation, but on Big Issues—East Germany and the current ambulance dispute would be topical examples. Speeches will be short (cutting the waffle, to



be brutal) and the House will either hear more speakers, do more business or go home early.

More immediately, TV pictures will be watched for effects on the standing of the parties and the balance between front and backbenchers.

The first is that the restrictions proposed by the select committee on broadcasting are going to be inordinately tight.

True, they are restrictive, but in practice their interpretation has been relaxed—and could be relaxed further. With the eight cameras fixed to the underside of the galleries overlooking the chamber, many shots, by necessity, include more than just head and shoulders. Waist upwards is more the norm; also including members sitting to the sides and behind the MP speaking.

Despatch box shots vary

between cameras. Wide-angle pictures are commonplace between speeches, allowing the full geography of the chamber and the number of MPs present to be seen.

Critics point to the damaging effects on set-piece debates such as the clashes between Mr John Smith, Labour's treasury spokesman, and Mr Nigel Lawson before his resignation as Chancellor. Theoretically, Mr Lawson's stony, fed-up

expression would not have been seen but a wise opposition would have made repeated references to him, allowing the cameras to focus on Mr Lawson's glare.

Another common assumption is that it is going to be boring television. While MPs will not displace Australian soaps in audience ratings, the House of Commons feed will be in constant demand by broadcasters used to talking over slides or shots of red buses circling Parliament Square.

Mrs Thatcher's dogged determination under pressure at Prime Minister's questions and the sparkle in opposition leader, Mr Neil Kinnock's eyes when he scores a point off her will be enthralling.

Grand debates offer potentially rich viewing. Today's opening motion on the Queen's speech, the Government's outline of forthcoming legislation, is likely to be a prime example. Mr Bernard Weatherill, the speaker or chairman of the chamber, has described Westminster as "the best show in town".

It is not true that television will always favour Government and opposition spokesmen. Camera angles currently are most awkward for speakers at the two despatch boxes. Shots come from above, exposing bald patches and hiding faces when reading from prepared texts—a particular disadvantage for the Government.

A better position is at the back, where camera angles are straighter and the wooden paneling gives a less distracting background. Backbenchers will be able to grab much of the limelight by "doughnutting", gathering around the member who is speaking. Pointed interventions and colourful speeches will appeal to TV studios.

But cultivating presentation skills need not be dangerous. In the 1980s voters will be entitled to argue that an MP who dresses badly or who cannot present his ideas clearly is misplaced in the House of Commons.

MPs may be unsure whether they will welcome the cameras into their chamber. What is certain, is that they will bring Parliament truly into the television age.

Canadians have been switched on for 12 years

By David Owen in Toronto

SINCE Canada began the world's first continuous televised coverage of parliamentary proceedings in October, 1977, the changes which the electronic eye has brought have been largely of form rather than substance.

Arguably the most significant have been to increase the extent to which the 45-minute Question Period—whose format is admirably suited to brief newscasts—has become the focus of attention. This, in turn, has tended somewhat to diminish the importance accorded to parliamentary debate.

Otherwise, members have a tendency to be more image-conscious than they were in former years. They are also more inclined to insert their remarks of particular relevance to the country's Franco-phonian community.

But television has not noticeably increased attendance in the Chamber. Nor has it resulted in more historic debate.

In fact, if anything, the presence of the medium has had a calming effect. "We get a lot of mail complaining about catcalls and heckling," says Mr Jim Watson, director of communications at the Speaker's office.

"Members now applaud in order to signify approval rather than banging desks," adds Professor Anthony Westell, director of the school of journalism at Ottawa's Carleton University.

"Anybody who imitates what we do is nuts," says Mr Gordon Cullingham, part of the Canadian Broadcasting Corporation project team which installed the original system. "It is a very expensive lie that is offered to the Canadian public every day."

Satellite TV to run full proceedings

By Raymond Snoddy

THE FULL proceedings of the House of Commons will be available on satellite television from today in an experiment to test the viability of a public information channel along the lines of the C-Span channel in America.

Agreement was reached yesterday between the House of Commons Broadcasting Unit—owned jointly by the BBC and the Independent Broadcasting Authority—and Mr Rupert Murdoch's Sky Television, the Luxembourg satellite company SES and British Telecom International (BTI) for the experimental service.

The pictures from the House of Commons today will be relayed by BTI to Astra, the 16-channel satellite that has been transmitting the four Sky Television channels since February.

More than 400,000 homes in the UK equipped with 60cm Astra satellite dishes will be able to watch parliamentary proceedings from opening to close, if they choose to do so.

The service can also be carried on cable television networks but it is not yet clear how many cable stations will carry the signal.

The objective is that the experimental service will also include coverage from the House of Lords and other public events.

The new satellite service which will use a spare Astra channel—8—can be pre-empted if a commercial user comes along. The same is true of BTI's "uplinking" capacity.

The hope of the consortium of British broadcasters is that the experiment, however brief its initial life may turn out to be, will show there is interest in making the full proceedings of parliament available as a non-profit-making satellite television channel.

Satellite capacity problems should begin to disappear when a second Astra satellite, scheduled to be launched next October, goes up.

BBC coverage will include Westminster Live, providing live coverage of the first 50 minutes of Commons proceedings on Tuesdays and Thursdays, including Prime Minister's Question Time. Important parliamentary debates will also be covered.

The main thrust of ITV coverage will come from Independent Television News, although the pictures from the Commons of local MPs will be used to boost regional political magazine and news programmes.

ITV is also likely to carry great national debates live. Mr Michael Grade, the chief executive of Channel 4, has caused controversy by deciding not to broadcast regular live coverage of parliament in an apparent protest over the restrictions on what the cameras will be able to show.

Channel 4's coverage will, however, include The Parliament Programme which will go out at midday from Tuesday to Friday and will mainly provide coverage of the previous day's debates.

Footsie rules altered in first major review

By Clare Pearson

COMPANIES that do not pay dividends, such as Eurotunnel, will be allowed to join the FT-SE 100 index as a result of changes in the ground rules for entry announced yesterday.

The changes result from the first major review of the criteria for entry to be carried out by the steering committee in six years.

The Stock Exchange said yesterday the review was aimed at bringing the FT-SE 100 index more closely into line with the wider FT-A All-Share Index.

Eurotunnel will now qualify for inclusion, provided its market capitalisation is big enough when the composition of the index comes up for review next

month. At its current market capitalisation of about £1.6bn, it would be expected to qualify for entry under this quarterly process.

The steering committee has also decided to lift the size qualification for immediate, automatic entry, from 1 per cent to 1.5 per cent of the market value of the entire index. This currently equates to a value of about £4.5bn.

The required proportion of shares in a company that are publicly traded has also been lifted from 20 to 25 per cent. This is in line with listing requirements for the main market.

LIMITED ISSUE

Optimum Bond

11.8%

NET P.A.

Invest at a top rate for two years.

Abbey National's Optimum Bond will give you an excellent rate for the next two years.

If you invest £10,000 or more, we'll guarantee you an extra 4.9% above our Saver Account net rate, whatever happens over those two years. At today's rate this amounts to a magnificent 11.8% net p.a.* Little wonder it's a limited issue.

We can pay this high interest annually or, should you prefer a regular income, we can give you details about our monthly income option and rate.

For optimum benefit you should leave your investment for the full two year term.

However, withdrawals can be made, although you will lose the equivalent of 90 days interest on the amount withdrawn.

Remember, Optimum Bond is a limited issue, so don't miss out.

Call in at your local branch without delay.



Chemical Banking Corporation is the holding company for Chemical Bank, Chemical Bank New Jersey, and Texas Commerce Bancshares. Member FDIC © 1989 Chemical Banking Corporation.



Is the perfect hedge
found only
in a French garden?

With all due respect to the French, a financial hedge can also be a thing of beauty.

What's more, it can take shape in any number of elegant ways. Because at Chemical, we begin with a careful analysis of your risk profile so that a hedge can be tailored to your individual needs.

We can help you weather fluctuations in your future cost of funds

with interest rate or currency swaps. Or use caps and floors to let you take advantage of changing rates while limiting your exposure.

We can guard against the rising dollar or yen with futures and options. And hedge your operating risk with commodity swaps.

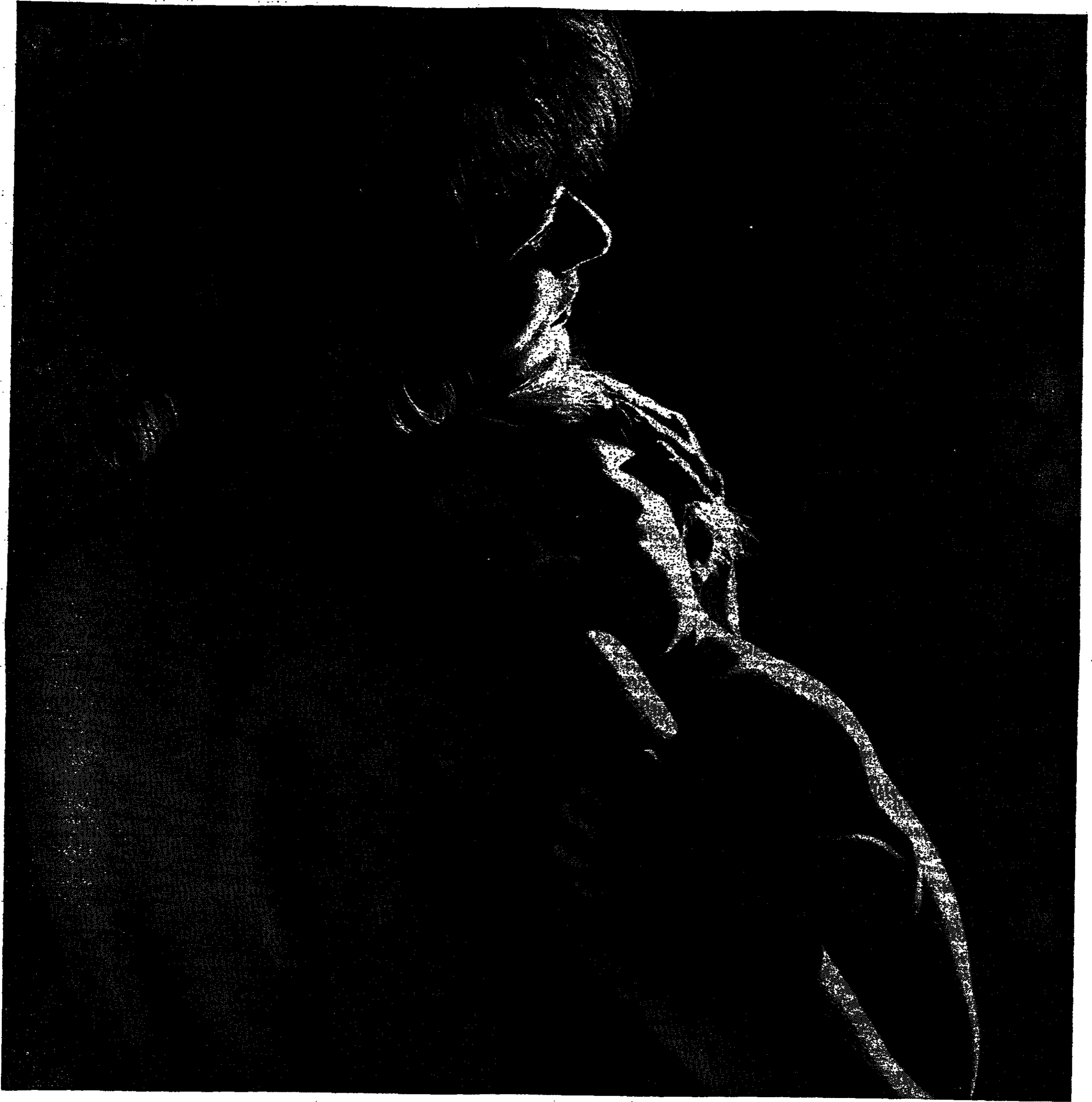
If you want a more aggressive approach to how your garden grows, we can also use many of these same

techniques to help you make the most of any market opportunity.

But whether you opt for a risk position or a classic hedge, we'll help you adapt to changes in the economic climate. That's effective risk management. And the closest thing to a perfect hedge.

CHEMICALBANK
The bottom line is excellence.®

Bonds, securities, trusts, futures. This is what investment's really about.



Investment isn't about wheeling and dealing on the stockmarket.

It's a way of coping with some pretty fundamental human needs.

It's about being in a position to support yourself and your dependants.

It's about knowing where you want to be X years from now and what you want to be doing. It's about bringing up children in a secure environment; about school fees and family holidays; about the money you need to set up a business in town; or a house in the country. Any country.

It's about making the most of your money so that

when you retire, the car, the furniture and the roof over your head don't retire with you.

At Norwich Union, when we talk about investment these are the sort of issues we discuss. Because only by knowing about your future needs can we find you the right sort of investments.

Together we'll work out just how cautious or adventurous your portfolio should be. Whether it's investing directly in the stockmarket with a Norwich Union PEP or spreading your risk more broadly with one of our Regular Savings Unit Trust Plans.

At the very least you should consider one of our Norwich Savings Plans. These are relatively secure plans

that allow you to put your money into a range of investments that we can balance in terms of risk and reward. And that you can switch in and out of as your circumstances change.

However cautious you are, your money should be working considerably harder than it would, say, in a traditional savings account. As any financial adviser will tell you.

But of course investment isn't about making money for the sake of it. It's not so much the money you've got to spend that matters, it's how you want to spend the rest of your life.



IF YOU'RE IN THE KNOW, YOU'RE IN THE NORWICH

As with all investments, remember that the value of shares and units can go down as well as up - past performance is not necessarily a guide to the future.
Norwich Union Life Insurance Society. Member of LAUTRO. Norwich Union Trust Managers Ltd. Member of LAUTRO and IMRO. Norwich Union Fund Managers Ltd. Member of IMRO.

MANAGEMENT: The Growing Business

Business angels

An investment of time and money

Charles Batchelor reports on the outcome of contacts made nearly a year ago

Tony Woolf spends one day a week nurturing his latest investment, a small supplier of recycled paper called Paper-Tec (UK). For Woolf, a former deputy managing director of Combined English Stores, which had sales of £100m when he left in 1982, Paper-Tec, with projected sales this year of £120,000, represents quite a change of scale.

The entire formal venture capital industry. Dennis Foster attempted to raise venture capital but was told that his business was too small and that the amount he wanted was insufficient to make it worth the venture capitalists' while. Even if venture capitalists are willing to invest, private investors can appear less of a threat to small business than formal sources of finance; they take a longer term view of their investments, and they do not charge fees for providing funds.

some of the investors present but none led to a deal being done. Of the businesses which failed to raise finance one has since been taken over; one (which was only at the planning stage) has shelved start-up plans; while two have gone ahead at a slower pace than originally planned.

Woolf visits the factory two or three times a month, is in frequent contact on the phone and has visited exhibitions with Foster. His main role is in making a financial assessment of our performance," says Foster. It was Woolf who pointed out that holding stock involved hidden costs in terms of interest charges which Foster admits he would have overlooked. He also keeps a close eye on how Paper-Tec spends its money.

Not that bringing an outsider into a family business is always free of frictions. "Maggie and I dreamed up this concept at home over several months," comments Foster. "It's not easy to have someone come in and say you are not doing it right. You have to accept that it is not a personal criticism."



Dennis and Maggie Foster: invaluable advice from their "angel" on mundane but crucial financial issues

have simply grown at a slower rate. Triumph Communications, which was developing an induction loop system for the hard of hearing, acquired a new managing director who brought in £15,000 of his own money. Autopod, developing a system for garaging cars underground in hydraulically operated pods, has taken longer to develop a production prototype than it expected.

US accountants ambivalent about smaller companies

Pratap Chatterjee explains that the cost of individual attention can be just too high

Last year PB Williams, an office equipment distributor in North Carolina, with a turnover of \$26m, declared a profit of \$1m and projected a profit of \$2.2m for 1988. Early this year the company's chairman, Tex Williams, fired his internal accountant for not maintaining proper controls. Subsequently, a thorough investigation of company accounts revealed that PB Williams had actually made a loss of \$1.2m in 1987.

per cent of his members have a first-tier accountancy firm (or what used to be called the Big Eight before the merger wave) as either auditor or business adviser. The number is declining after it peaked at about 65 per cent two years ago.

start-up businesses made it big. Not all the start-up companies that backed made it and today the first tier firms are no longer as eager as they were in the past.

individual attention. Like any other business they're short-handed and will grumble clients only for so long. After all, the Big Eight are mainline businesses working for large scale corporate America.

down the aisle within days of meeting each other. At the same time, according to Altmansky, small companies are not looking for a first tier auditor but are happy so long as they get individual attention.

Some are simply name recognition exercises like the Arthur Andersen list of the largest 100 privately-held businesses in four Ohio cities or the Coopers' co-sponsorship of the Inc magazine list of the 500 fastest growing private US companies.

Other awards include free consulting, like Peat's Carolinas Initiative which this year gave away \$500,000 in management and strategic advice to 50 companies.

When they are convinced that the prospective client has promise the first tier firms are willing to bend over pretty far to sell their services. One Arthur Young regional "entrepreneur of the year" winner was Barry Potekin of the Gold Coast Dogs, a Chicago restaurant chain.

Enterprise Zone Properties For Sale. THAMES QUAY, ISLE OF DOGS. Specification: Net Lettable Area 58,995 square feet, Car Parking spaces 80, Rental Fully let on standard 25 year lease to a Standard & Poors AA Rated Company.

CCCP USSR - GB. TRADE INITIATIVE. New opportunity for British companies in rapidly expanding and competitive market, offered by experienced consultants with direct access to decision makers.

WORKING CAPITAL ON COMMAND. Name the worst enemies of a growing, successful business. The chances are that inadequate lines of working capital come towards the top of your list.

INTERESTING, Multi-currency commercial loans offering Swiss francs from 9%. INTEREST. Fixed rate mortgages from 11.8% upwards. INTERESTED? Call 01-385 5544.

JAMES FINLAY BANK LIMITED. WISH TO ACQUIRE SHARES IN NORTH AMERICAN OIL AND GAS PROPERTIES FROM UK PRIVATE AND INSTITUTIONAL SHAREHOLDERS.

DYNO-ROD. Dyno-Rod has been running a pilot operation in California for the past 2 1/2 years. Based on this experience, we now plan to embark on a National Drain Cleaning Franchise Programme for the USA.

NURSING/REST HOMES. Project Care in association with Allied Trust Bank provide finance for purchasing and developing Nursing/Rest Homes.

HARD TO BORROW? No Credit Check. Guarantees Provided. We do not make loans \$100,000 to \$500,000.

COMPANIES NEEDING WRITE KNIGHT. A successful Financial Services/Property Company with available liquidity is seeking to diversify from its main operation and invest in active or sleeping party investments.

TALENTED EXECUTIVES NATIONWIDE. The Business Services Division of our Company, backed by an international Financial Institute are able to offer a unique package to those individuals, or groups, who wish to start their own Recruitment Consultancy or Executive Search Companies.

CAPITAL GAINS TAX ROLL-OVER. If you're 3 years from death or are approaching death, you may be able to transfer the value of your assets to a trust or company to avoid paying Capital Gains Tax.

JAMES FINLAY BANK LIMITED. NON EXECUTIVE DIRECTOR FOR EUROPE. British business consultant with financial qualifications, resident in mainland Europe for 25 years, with significant experience in business development and mergers and acquisitions.

ADJOINING FINSBURY PARK. Tube, Rail & Bus Interchange 13,200 Sq. Ft. B1 Building, Warehouse, Modern Office.

EAST AFRICA. International Trading and Shipping Company, with own offices in Sudan, Ethiopia, Kenya etc. interested in commercial proposals.

Business opportunities appear every Tuesday and Saturday. Advertising rates: Business Opportunities, £51 per single column centimetre - minimum 3cm.

LETTERS

'No one has ever tried to do this before'

From Mr Krystof Lis, Polish Minister for Privatisation. Sir, Poland must privatise an important part of its economy. This is agreed by the Polish Government, and I have been appointed by the Prime Minister to head an agency that will carry out the privatisation process.

Our problems are magnified by the fact that most of the reforms connected with freeing the economy must be carried out at the same time as people begin to respond to the incentive of some privatisation - which must be accompanied by reforms in accounting standards and in the legal system and the creation of a capital market.

Our problems are magnified by the fact that most of the reforms connected with freeing the economy must be carried out at the same time as people begin to respond to the incentive of some privatisation - which must be accompanied by reforms in accounting standards and in the legal system and the creation of a capital market.

agency is creating both a Centre for Polish Privatisation, which will operate outside ministry regulations and hire capable Poles to work on privatisation; and a Foundation for Capital Market Development and Privatisation, which will solicit funds from private and governmental sources to pay for these people and other costs.

THE QUESTION of borders is not on the agenda - they should stay as they are, and all military matters should continue to be conducted through Nato and the Warsaw Pact. This arrangement has suited us very well, and at a time of great change it is necessary to keep this background of security and stability.

FOREIGN AFFAIRS Building the European House

Edward Mortimer suggests that Nato and the Warsaw Pact start planning their own obsolescence

is a chance that we could all be on the same side. There may also be trouble with some of the east Europeans (or central Europeans as they now like to call themselves, which in itself is symptomatic of the kind of trouble I mean).

Even "keeping the Americans in" may now prove easier to achieve by involving them in such a structure, in which both superpowers would have to be full members, committed to maintain the peace in Europe by co-operating with other European states, than by brandishing a "Soviet threat" which the American public will find less and less credible.

Nuclear power

From Professor Peter Odell. Sir, Your remarks about the demise of the FWR (pressurised water reactor) nuclear power programme err in one important respect: the suggestion that the Sizewell B decision was favourable because at the time of the inquiry the economic conditions that now exist were unrepresentative.

Consumption must be cut down

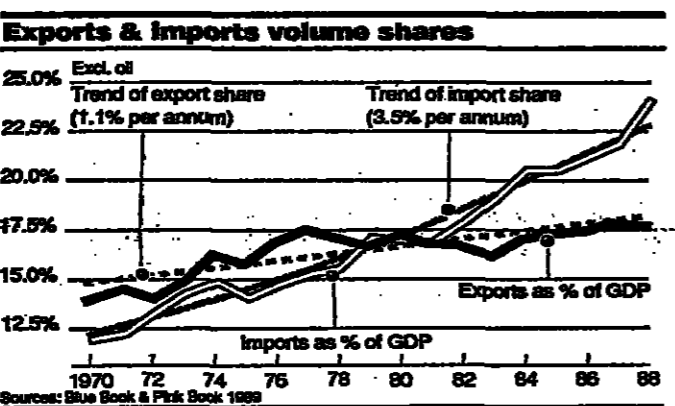
From Professor Wynne Godley. Sir, In his comment on the Chancellor's Autumn Statement ("No need for recession," November 16), Samuel Brittan makes two important points: "as capacity pressures fall off there should be a large fall in the trade deficit" and "the payments deficit reflects rising investment rather than falling savings."

Valuing the Pearl

From Mr Paul Meiss. Sir, Lex's dismissal of the Pearl Group (November 15) - "the market has already decided which way without the consulting actuary" - is perhaps half right.

Cambodia and the UN

From Mr Tony Jackson. Sir, In your otherwise excellent leader on Cambodia (November 14) there is one significant error. You state that the decision of the Credentials Committee to allow the Khmer Rouge-controlled coalition to remain seated at the United Nations cannot be reversed until next year. This is wrong.



My conclusion is that, so far from the trade deficit being a short term phenomenon which a moderate cut in demand would now remove, it is the result of very persistent long run trends. To remove a deficit equal to between 4 per cent and 5 per cent of GDP requires a cut in net imports of between 12 per cent and 15 per cent.

Table with 4 columns: Components of demand, Average 1985-79, Change 1980-1979-80, and Change 1980-1979-80. Rows include Personal consumption, Government consumption, Fixed investment, Stockbuilding, and Balance of trade in goods & services.

As Mr Brittan points out, there has been a rise in the investment share since 1970, but this will only slightly exceed the 1965-79 average in 1990, and will be no higher than it was at the beginning of the 1970s. (It should be recalled, too, that an exceptionally large proportion of the recent growth in investment has been in financial, distribution and other services which will not be very helpful for our trading performance in the future).

Australian farmers' viewpoint

From Mr Tim Roseby. Sir, One sympathises with the frustrations evident in David Richardson's article ("Overdue treatment for yesterday's lines," November 14) about the effects, in the agricultural sector, of market regulation and market interference by governments.

Legality of public ownership in the EC

From Professor Henry Parris. Sir, The reason the European Commission has not challenged the basic principle of public ownership is legal, not political ("EC showdown over Renault," Leader, November 16). This principle is explicitly recognised in Article 90 of the Treaty of Rome, section three of which reads:

"The Commission shall ensure the application of the provisions of this Article and shall, where necessary, address appropriate directives or decisions to Member States."

While section one of the Article seems to say that all state-owned enterprises are to be exposed to the full rigours of the Community's competition policy, section two appears to go back on this:

"Undertakings entrusted with the operation of services of general economic interest" are to be subject to competition rules only "in so far as the application of such rules does not obstruct the performance... of the particular tasks assigned to them."

The Sunshine's on Trafford Park. Ask Kellogg's. A healthy place, Trafford Park, for any business. Kellogg's chose to put their first European factory there in 1928, and it's grown to around 7 times its original size. (It's the second largest ready-to-eat cereal factory in the world.)

TRAFFORD PARK DEVELOPMENT CORPORATION. WHERE BUSINESSES WORK. MANCHESTER. TRAFFORD PARK DEVELOPMENT CORPORATION, WATERSIDE, TRAFFORD WHARF ROAD, TRAFFORD PARK, MANCHESTER M17 1EX. TEL: 061-848 0404.

INTERNATIONAL COMPANIES AND FINANCE

McCaw Cellular raises bid for LIN Broadcasting

By Roderick Oram in New York

MCCAW CELLULAR Communications raised its offer for LIN Broadcasting yesterday and took other steps to increase the pressure on the owner of valuable US cellular telephone licences to agree to a takeover.

strengthened the safeguards it is offering them as minority shareholders. The guarantees apply to how McCaw will run LIN and how a buyout price will be determined in 1994.

Creditors approve Northeast's utility bid

By James Buchan in New York

THE STRUGGLE for control of Public Service of New Hampshire appears to be drawing to a close, with the agreement of the main creditors and stockholders to back a \$2.3bn offer for the bankrupt utility from its largest neighbour, Northeast Utilities.

Skase seeks court help for Qintex

By Chris Sherwell in Sydney

CONFUSION surrounded the future of Australia's besieged Qintex group yesterday after Mr Christopher Skase sought the court appointment of a receiver-manager for his ailing television and resorts empire.

Mirage resorts and Channel Seven commercial television network. Qintex said yesterday that two of the 10 banks - Barclays and the Commonwealth Bank - had been arguing for receivership while others, including Hongkong Bank and the State Bank of New South Wales, favoured a debt moratorium.

undertaken to sell the two Mirage resorts in Queensland and related properties in Hawaii and California, along with three television stations. More recently the sale of the whole Channel Seven network has looked likely, and expects Mr Skase would be forced to relinquish his position.

rates, the non-completion of its proposed sale of two Queensland regional television stations, the impact of the domestic pilots' dispute on its Mirage resorts, and the failure of its ambitious acquisition of MGM/United Artists.

US lumber loan oversubscribed

By Stephen Fidler, Euromarkets Correspondent

A \$4.5bn syndicated bank loan for Georgia-Pacific, the largest bank financing to be arranged for a leveraged takeover since the abortive attempt last month to raise \$7.2bn for the buy-out of the US airline, UAL, has been heavily oversubscribed.

banks' reaction to it had been seen as an important pointer to the future success of such deals. In the event, 19 banks made commitments to the tune of \$12.9bn, an oversubscription of \$8.4bn. Bank commitments, including that of the arranger, Bank of America, which originally committed \$1.25bn, are being scaled back by more than 60 per cent.

AFP Group registers a sharp increase in after-tax earnings

By Chris Sherwell

AFP GROUP, the investment group with interests in Gestetner, the Elders stable and Worcester, has reported after-tax profits of A\$30.25m (US\$23.62m) for the year to September, up sharply from the A\$3.66m recorded in the 15 months to September 1988.

Carter Holt Harvey up by 68%

By Terry Hall in Wellington

CARTER HOLT HARVEY, the diversified timber and fishing group, increased its profit by 68 per cent to NZ\$91.1m (\$53.65m) in the half year to September 30, due to improved profitability of most of its New Zealand operations.

Japan's tool makers advance

By Stefan Wagstyl in Tokyo

LEADING Japanese machine tool makers greatly increased sales and profits in the six months to September, due to strong capital investment by industry, particularly in Japan.

Imperial plans expansion and Thailand SE listing

By Roger Matthews in Bangkok

THE IMPERIAL Family of Hotels has announced that it will shortly seek a listing on the Securities Exchange of Thailand and has revealed ambitious expansion plans that could make it the country's largest hotel group within a few years.

Outokumpu invests in Chilean copper

By Barbara Durr in Santiago

OUTOKUMPU, the Finnish mining and engineering group, is investing \$175m in Chile to secure copper supplies. The Finnish company, the second largest copper processor in Europe, recently bid with a \$50m offer for Chile's Partinencia Mineraria Zaldívar.

around 40,000 metric tons. Mr Anjala said they eventually hope to agree a cooperation deal with La Escondida, owned by Broken Hill Proprietary and Utah International. Outokumpu is also in the final stages of making another \$50m investment in a project, called Lince, for which it has entered into a joint venture with Carolina de Michilla of the Lukusko Group.

Browning Ferris rises 13%

By Karen Zagor in New York

BROWNING-Ferris, the second biggest publicly-held waste management company in the US, yesterday posted improved revenues and earnings for the fourth quarter and year.

Offer by Dun & Bradstreet

By Roger Matthews in Bangkok

DUN & BRADSTREET, the world's largest marketer of business information, is to acquire Management Science America, a provider of business applications, mainframe computer software, for \$338m in cash, agencies report.

Advertisement for AJINOMOTO CO., INC. featuring the acquisition of OmniChem s.a. and Gechem s.a. The text highlights financial details and the involvement of The Mitsubishi Bank, Limited and The Bank of California Capital Services & Consulting, Inc. dated September 1989.

Advertisement for SWISS BANKING, FINANCE & INVESTMENT. It offers a survey on the above on 19th December 1989. Contact information for Patricia Surridge is provided, including a phone number (01-873 3426) and an address in Geneva, Switzerland.

Advertisement for Samsung focuses on electronics. It states that Samsung is only a year behind the major US and Japanese chip makers and has invested \$1.8bn in the electronics business in the past year. The company is reviewing the areas in which it should concentrate investment and technology financing.

Advertisement for Chemical New York Corporation. It features a table of financial data for the period ending 30th September 1989, including revenue, profit, and market capitalization. The company is offering floating rate subordinated notes due 1996.

Advertisement for BARCLAYS UNIBOND TRUST. It describes a floating rate subordinated note due 1996 with an interest rate of 27th August 1989 plus 25th November 1989 (inclusive). The trust is managed by Credit Suisse First Boston Limited.

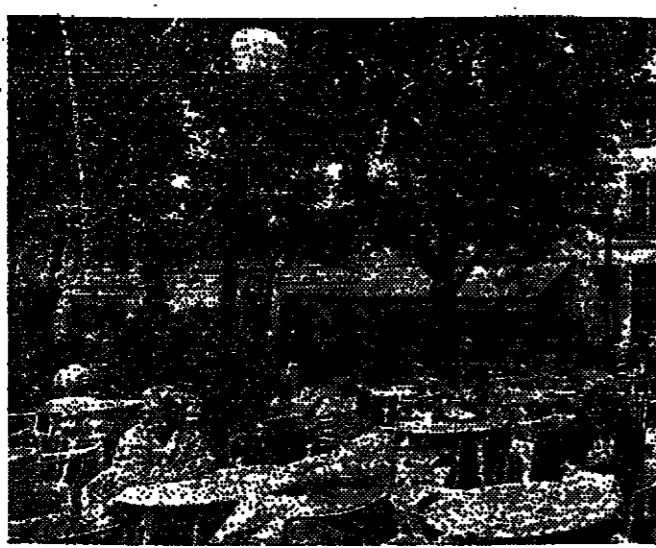
Advertisement for BARCLAYS UNIBOND TRUST. It states that copies of a Half-yearly Report to 1st November 1989 with an Explanatory Memorandum are now available to shareholders from Barclays Unicom International (Channel Islands) Limited, P.O. Box 152, Rue Des Mielles, St. Helier, Jersey.

INTERNATIONAL CAPITAL MARKETS

'Pay in Ecus' scheme fails to take Grand Duchy by storm

Lucy Kellaway on a certain resistance staged by Luxembourg's citizens to the European currency

The man in the street in Luxembourg has been hearing history this month. While his counterparts in the rest of Europe persist in thinking that the Ecu is some kind of board game, he has been discovering its charms as a means of payment. Since last week, all shops, hotels and restaurants in the Grand Duchy have been quoting their prices in Ecus as well as in Luxembourg francs, and anyone with a Eurocheque or a Visa or a Eurocard can use it in the Grand Duchy.



Luxembourg's shops and restaurants are quoting prices in Ecus

It is fairly well established as a unit of account, with the European institution widely for their budgets. For the last two years anybody doing consultancy work for the Commission has had their accounts settled in Ecus. However, as a means of payment, the Ecu until now has been a non-starter.

system to cope with the Ecu, and despite the assertion by Mr Didier Cahen, president of Eurocheque, president of the Luxembourg experiment, that it is so far exceeding all expectations, the Ecu does not seem yet to have taken the Grand Duchy entirely by storm.

Luxembourg's old-fashioned Grosche hotel, for example, has been obediently quoting the prices of its rooms in Ecus, but so far nobody has shown any interest. "If the people do not ask me, I just put the right money on their bill," says the receptionist. Down the road at the Royal, three or four brave souls have attempted to pay in Ecu. The manager there sees this as a good start. "We should have notes and coins and then people would believe in it," he says.

The slow start comes despite great efforts to encourage people to spend a few Ecus. They are assured that there will be no costs, no foreign exchange commission charged. If that does not persuade them, Ecu spenders in Luxembourg this month are being given tombola tickets and the chance to win an attractive prize.

"The Ecu, says Mr Cahen, 'possesses all the attributes which, since the days of Aristotle, have been associated with a currency.' The problem, however, is getting the man in the street to use it that way. The difficulty is that the Ecu is not actually a currency at all, but a mere basket. Until there is a central bank issuing Ecus, all the free tombola tickets in the world are not likely to give it wide usage.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday November 20, 1989. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Table with columns for COUNTRY, £ STG, US \$, D-MARK, YEN (x 100), and COUNTRY, £ STG, US \$, D-MARK, YEN (x 100). Lists various countries and their exchange rates against the four major currencies.

Special Drawing Rights November 17, 1989 United Kingdom £2,257.55 United States \$3,273.15 Germany West D-Mark 2,344.51 Japan Yen135.397 European Currency Unit Rates November 20, 1989 United Kingdom £1.49300 United States \$1.11083 Germany West D-Mark 2.04648 Japan Yen140.570

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (f) Financial rate; (g) Exports; (h) Non-commercial rate; (i) Business rate; (j) Buying rate; (k) Laying down; (l) Official rate; (m) Preferential rate; (n) Convertible rate; (o) Parallel rate; (p) Selling rate; (q) Tourist rate; (r) Tourist rate; (s) Some data supplied by Bank of International Economic Co-operation, London, London, London. Equivalents: £1.54 430/100, Monday November 20, 1989, 0.07% devalued by 25%.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns for US DOLLAR STRAIGHTS, Change in bid offer day week yield, and YEN STRAIGHTS, Change in bid offer day week yield. Lists various international bonds and their market performance.

CONVERTIBLE, Date, Coupon, Price, Bid, Offer, Day, Week, Yield. Lists convertible bonds and their details.

SWISS FRANC STRAIGHTS, Change in bid offer day week yield. Lists Swiss franc bonds and their market performance.

Additional text regarding bond market information and data sources.

TRADE INDEMNITY THE CREDIT RISK MANAGERS 01-739 4311 DOMESTIC CREDIT INSURANCE

Columbia Pictures Entertainment, Inc. has been acquired by Sony Columbia Acquisition Corp., a Wholly Owned Subsidiary of Sony USA Inc. The undersigned assisted in the negotiations and acted as financial advisor to Columbia Pictures Entertainment, Inc. ALLEN & COMPANY INCORPORATED November 1989

© The Financial Times Ltd., 1989. Reproduction in whole or in part is not permitted without written consent. Data supplied by DATASTREAM International.

INTERNATIONAL CAPITAL MARKETS

Gilts tumble as sterling runs into selling pressure

By Deborah Hargreaves in London and Janet Bush in New York

IT WAS a nervous day for the UK government bond market as gilts followed a weak pound downwards...

GOVERNMENT BONDS

reach a low of 87.6 by lunch-time and the movement triggered a decline of around 4 1/2 points in the benchmark long-dated gilt...

this year. The October trade numbers are due for release on Thursday... 'Gilt market sentiment is awful because we're in almost a total vacuum on government policy with fiscal policy relaxed and no apparent adherance to monetary targets...'

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Bid Rate, Price, Change, Yield, Week 52, Month 52. Includes UK Gilts, US Treasury, Japan, Germany, France, Canada, Netherlands, Australia.

extremely thin as many traders set out the market in advance of Wednesday's national holiday. Following in the cash market, the December bond futures contract closed at a record low of 90.07...

THE JAPANESE bond market remained subdued as the yen succumbed to some downward pressure. There continues to be some fear of a hike in the Japanese prime rate next week...

US TREASURY bonds traded sharply higher on reports of a planned cut in US defence spending, but some of those gains had been lost by the New York mid-session.

Yesterday's improved performance was partly in reaction to Friday's losses and partly in response to comments at the weekend by Mr Dick Cheney, Defence Secretary...

Switzerland 'likely to find it harder to attract finance'

SWITZERLAND RISKING losing its relative advantages as a financial centre because of changes in other countries...

Mr Lusser said Switzerland could not become a member or associate member of the European Monetary System (EMS) as long as it did not join the European Community...

He said he would not like Switzerland to be linked to the EMS as long as it was not clear that all EMS members were ready for a final monetary policy target of zero inflation...

Eurobond new issues struggle to make progress in dull trading

By Andrew Freeman

EUROBOND MARKETS had a depressing day yesterday, with recent new issues struggling to hold their levels and fairly-priced new deals finding it hard to make progress...

INTERNATIONAL BONDS

same amount, ending at Friday's closing levels. Last week's GMAC \$500m issue closed at 99 1/8 bid, a spread of 91 basis points over Treasury...

rated against traditional lines, was judged by dealers as fairly priced, but this did little to help it on a day when the mood turned against fixed-income instruments...

Nevertheless, Paribas was upbeat, pointing out that the spread over Treasury had tightened from a launch to around 56 basis points at the close.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Issuer, Amount us\$, Coupon %, Price, Maturity, Fees, Book runner. Includes Nippon Tel & Tel, Canon, Toyota Electric Power, Swedish Export Credit, D-Mark, Swiss Francs, Yen.

aggressive targets of more like 70 basis points below Libor. A \$150m seven-year deal was brought by Wood Gundy for Tokyo Electric Power with a 10 1/2% per cent coupon...

five-year deal for Credit Local with a 6% per cent coupon. The bonds were quoted at less than 1 1/2 bid, indicating a steady reception...

Wilson Sporting Goods and Amer had mandated Manufacturers Hanover to raise \$50m in a short-term revolving credit with an 11-month maturity...

Fund managers shifting out of gilts, survey shows

By Deborah Hargreaves

INTERNATIONAL BOND markets have seen a drastic move to reduce investor exposure to UK gilts in the past three months, according to a survey conducted by Merrill Lynch...

Merrill Lynch's survey reports a simultaneous reduction of a similar size in the sterling content of the international bond portfolios...

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY. Table with columns: Category, Rises, Falls, Same.

Table with columns: Issue Price, Date, Stock, Dividend, Yield %.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount Paid, Latest, Stock, Dividend, Yield %.

RIGHTS OFFERS

Table with columns: Issue Price, Amount Paid, Latest, Stock, Dividend, Yield %.

TRADITIONAL OPTIONS

Table with columns: Issue Price, Amount Paid, Latest, Stock, Dividend, Yield %.

LONDON TRADED OPTIONS

Individual stock options were not as active as the FT-SE 100, but British Gas put volume of 1,617... Volume on the LTO at 37,294 contracts was up by at least 10,000 lots on recent demand trading...

Table with columns: Calls, Puts, Volume, Price.

Table with columns: Calls, Puts, Volume, Price.

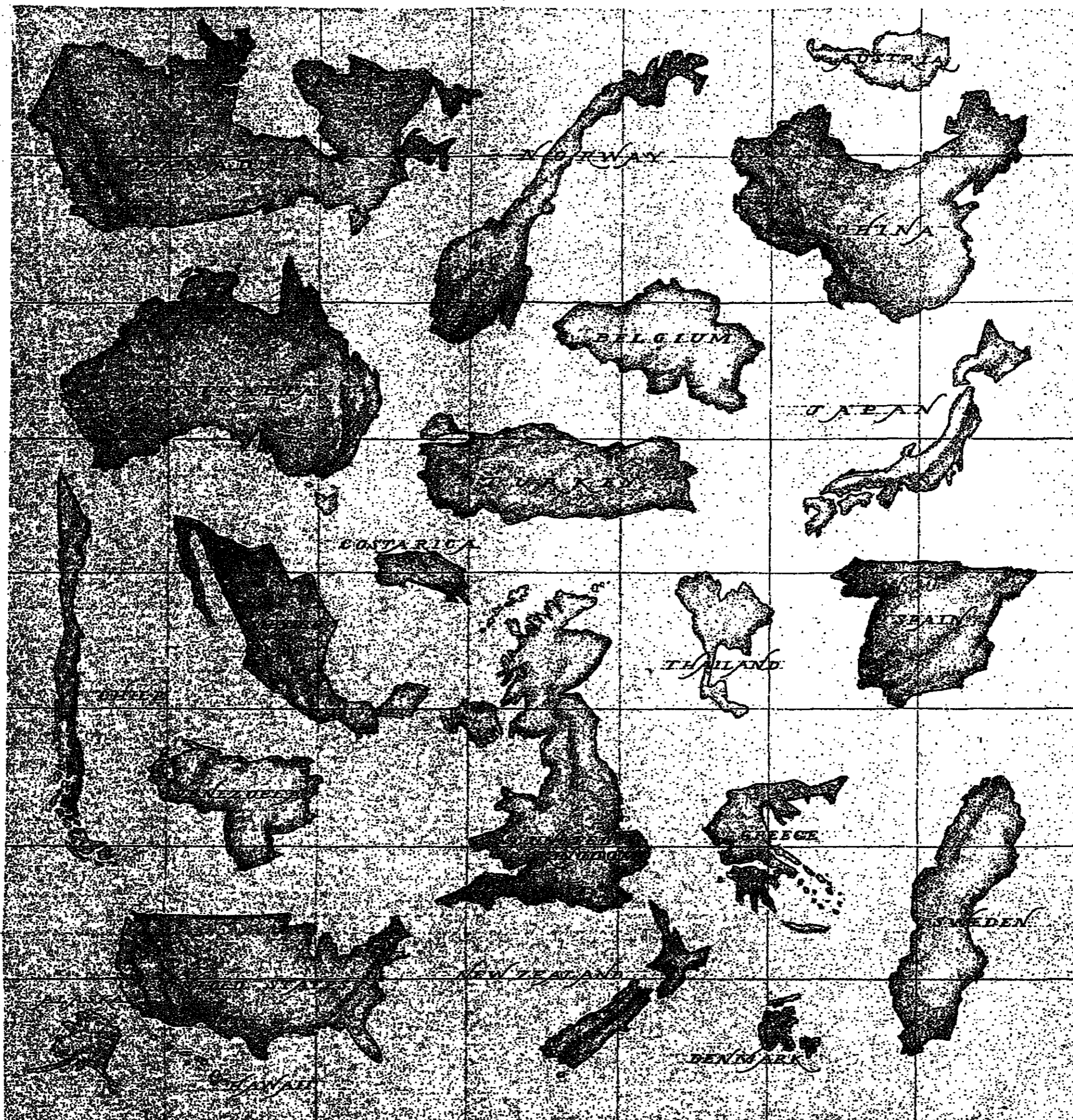
Table with columns: Calls, Puts, Volume, Price.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table of share indices including EQUITY GROUPS & SUB-SECTIONS, FT-SE 100 SHARE INDEX, and FIXED INTEREST.

Fixed Interest section including British Government 5 year, 10 year, 15 year, and 20 year yields, and Inflation-linked rates.



SOME OF OUR CLIENTS MAY LOOK FAMILIAR TO YOU.

For over 60 years we've been assisting sovereign governments and their agencies in everything from financing to privatization. And at Salomon Brothers we can make the same level of financial and advisory ability available to your company.

More than that, we can do it wherever you need it done.

After all, when it comes to international capability, we're literally all over the map.

Salomon Brothers

UK COMPANY NEWS

In defence of a strategic withdrawal

Andrew Bolger on Meggitt's decision not to proceed with its hostile bid for United Scientific Holdings

TO THE victor normally go the spoils - but not in the case of Meggitt, which yesterday declined to proceed with its proposed acquisition of United Scientific Holdings.

Mr Ken Coates, Meggitt's managing director, said he was disappointed he had not been able to complete the takeover of the defence contractor. He insisted that Meggitt had pulled out because information had come to light which changed the basis on which the bid was launched.

However, he also said discretion was the better part of valour. Mr Coates said Meggitt had been lucky in that so much adverse news about USH and the defence sector had emerged while it was still free to lapse its offer.

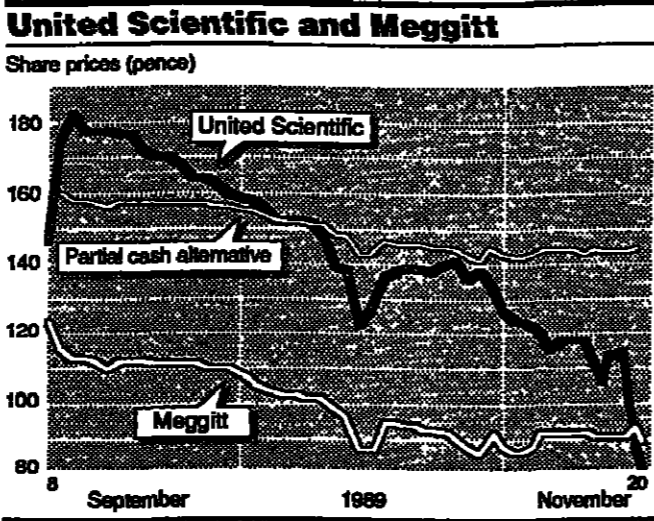
Opinions on Meggitt's behaviour are sharply divided. One analyst, who thought the original bid was misconceived, said: "Meggitt have got a bloody nose and learned a lesson. But you have to admire their guts in walking away." Another said he thought Meggitt had

behaved very badly, allowing market sentiment to dictate its behaviour: "In terms of strategy, I see Meggitt as a discredited mini-conglomerate."

What no one can doubt is the damage done to USH, which has seen its management record rubbish and its share price halved during the campaign. Mr Nick Prest, deputy chief executive, said he was not surprised that Meggitt had withdrawn, as USH had always believed that the offer was likely to be lapsed.

The unusual nature of this takeover battle was illustrated at the end of October when USH issued a final defence document which many observers felt was more like a poison pill. It doubled to £17m the provisions made for losses at Avimo Taunton, USH's electro-optics plant in Somerset where two disastrous fixed-price contracts to supply the Ministry of Defence with sights systems plunged the group into the red.

USH's defence campaign had already suffered a body blow when US regulators blocked the proposed disposal of its US



subsidary, Optic-Electronic Corporation, for \$65m (£42m) to Imo Industries of New Jersey on competition grounds.

USH cited dissatisfaction with the proxy board system as one of its main reasons for wanting to sell OEC. The difficulties involved were simply demonstrated when USH was obliged to reveal that it was liable for up to \$2.46m (£1.56m) in "golden parachute" severance payments for directors of OEC, under terms which had been put in place without its knowledge.

A defence company run by a proxy board was never likely to find favour with the City while it was transfixed by the

horror story emerging from Ferranti's acquisition of International Signal and Control of the US. As the bid timetable unfolded, OEC was just one of a series of unsettling factors which helped to reduce the price of both shares - the "mini-crash" of October 16, Mr Nigel Lawson's resignation as Chancellor of the Exchequer and the rapid developments in Eastern Europe, which have led to speculation that defence spending may be cut.

What the market uncertainty did was to put a premium on cash, which made the blocking of the sale of OEC all the more important. Given the fall in both share prices, Meggitt's partial cash alternative became the only part of its offer worth considering. At Friday's close, Meggitt's shares were 90p, which valued its partial cash alternative at 144p. USH shares closed at 114p.

It was this growing gap between Meggitt's offer and the USH share price - combined with growing market unease about the lack of buyers for defence companies - which several observers suggested were the real reasons for the decision to walk away.

Mr Prest said USH now had to soldier on and continue to manage its businesses. Imo would soon be in court in the US to oppose the block on its

Dissident shareholders fail to gain seats on Amal Financial board

By Andrew Hill

MR JOHN SCHOLLES, chairman of Amalgamated Financial Investments, yesterday fought off the latest attempt by three dissident shareholders to win control of the investment company's board.

At the group's 50th annual meeting, which lasted nearly two hours, and at the 60-minute extraordinary meeting which followed, shareholders followed the board's recommendations and voted against the dissidents by a majority of more than two-to-one on almost every resolution.

However, the rebels defeated a special resolution needing a 75 per cent vote in favour which would have allowed the placing of additional shares.

The dissidents, whose efforts were thwarted on a technicality at an earlier EGM in August, are unlikely to renew their efforts to join the board.

The meeting confirmed the appointment of two new directors, Mr Robin Andrews and Mr Alexander Devine.

One of the dissidents, Mr Rupert Pearce Gould, said afterwards: "We do feel we have stabilised the situation and as long as we have got independent directors on the board it has all been worthwhile."

He said he, Mr Richard Woltenberg - a former chief executive of the group - and Mr Colin Weinberg, would continue to press for more information from the company.

During the meeting, shareholders questioned the board on AFI's illiquid investments and drew attention to the fact that \$4.65m of the group's cash was banked in Switzerland.

Mr Scholes admitted that his predecessors' decision to put the money on a year's deposit with the "overseas affiliate of a well-known US bank" at a fixed 11 per cent interest rate was "not a good one".

He said the cash would be withdrawn later this month and brought back to London where it would attract a better rate of interest.

© Sonnie, Bestwood's largest shareholder, has sold its 13 per cent stake in the house-building and engineering group, to Kanata Genesis, a Canadian company listed on the Alberta Stock Exchange.

Mr Jim Furlong, Bestwood's chairman, said he believed Kanata was connected to Sonnie, which has retained a holding in Bestwood of less than 1 per cent.

AFI's dissident shareholders had questioned the investment company's links with Bestwood, which is being investigated by the Department of Trade and Industry, at AFI's EGM this summer.

	9-11 GROSVENOR GARDENS, LONDON SW1W 0BD	
	Tel: 01-828 7233 AFB member	
	FTSE 100	WALL STREET
	Nov. 2156/2166 -48 Dec. 2156/2166 -53	Dec. 2632/2644 -19 Mar. 2664/2676 -19
5pm Prices. Change from previous 9pm close		

1990 Warning to Investors from Discount Brokers International

Don't pay high cost commissions.
Send for Free New 1990 commission schedule

When the London Stock Exchange ruled in 1986 that stock brokers no longer had to charge fixed minimum commission rates, most investors expected that brokers would reduce their rates. This did not happen.

Most brokers kept the same commission rates or even increased their rates. Only a few brokers reduced their rates.

Warning to investors. If you are tired of paying high commissions, shop around before you trade. You can save more money than you may realize.

For example: If you buy or sell 2000 shares of a stock selling for £4 per share, we charge you £50, compared to the rate of £121 charged by a typical full-price broker. This is a saving of £71 or 58.2 per cent, if you do this twelve times.

We are a member of the International Stock Exchange and The Securities Association. We service thousands of satisfied investors. We are owned by several institutions including Amsterdam-Rotterdam Bank and the Jardine Matheson Group.

We offer services you would expect from a full price broker, including execution of most market orders while you are on the telephone, prompt removal of contract notes and consolidated statements. Yet we charge among the lowest commission rates in the United Kingdom.

How can we provide so much for so little? Simply through our own combination of carefully planned cost controls:

1. We do not maintain a costly research department. Our customers can get investment advice simply by using a fraction of the money we save them to subscribe to an independent advisory service.
2. Our registered representatives are paid salaries, not sales commissions.
3. Our highly automated systems make it possible to give you the lowest rates even if you only do three or four bargains a year.

There is no law that you must only have one broker. You do not have to give up your present broker to try us. Then, after just one or two bargains you can make your own comparison.

For your free 1990 Commission Schedule and our booklet "Cutting The Cost Of Commissions", mail the coupon below or call 01-405 9194. You are under no obligation.

Please send me your free 1990 Commission Schedule and booklet "Cutting The Cost Of Commissions". I am under no obligation.

No salesman will call.

Name: _____
Address: _____
Postcode: _____

SEND TO: DISCOUNT BROKERS INTERNATIONAL (U.K.) LTD.
FREEPOST, LONDON SE1 7UX.

Main Office: Parliament House, 81 Black Prince Road, London SE1 7SZ.

DAKS Simpson GROUP PLC

"... we shall continue with our longer term plans"
Johnny Mengers, Chairman.

Principal Group Activities

- **Manufacturing** - DAKS menswear, womenswear, rainwear and leisurewear for UK and export
- **Licensing** - DAKS clothing and accessories produced locally in major world markets
- **Distribution** - The 'DAKS Companions' range of accessories
- **Contract** - Suppliers of tailored clothing to Marks and Spencer
- **Retailing** - Simpson Piccadilly, London's leading speciality store

Results in brief

Year ended 31st July	1989	1988
	£'000	£'000
Turnover	63,482	59,102
Profit before tax	5,298	6,214
Profit after tax	3,311	3,926
Earnings per share	51.41p	61.82p
Ordinary Dividends	10.95p	10.95p

Copies of the Report & Accounts can be obtained from The Secretary
34 Jermyn Street, London SW1Y 6HS

TIME TO BUY GOLD?
CALL 01-799 2233
CAL FUTURES LONDON

Babcock

OUR FIRST HALF-YEAR'S RESULTS

- Turnover £295.1m
- Profit before Tax £20.1m
- Dividends per Share.... 1.20p
- Earnings per Share..... 3.22p
- Order Book Value..... £1.0bn

For us at Babcock, our demerger earlier this year was more than just big news.

We said then that our objective was to give our company a sharper profile, and to grow stronger through more focussed activities.

Our first half-year's results show how well this philosophy is beginning to pay dividends.

By re-focussing the energies of a successful enterprise, we are achieving improvements in our profitability, our output and our prospects.

Now our objective is to grow even stronger.

Babcock

BABCOCK INTERNATIONAL GROUP PLC

Head Office: The Lodge, Badminton Court, Church Street, Amersham HP7 0DD
Copies of the company's interim report to shareholders may be obtained by writing to the Company Secretary.

UK COMPANY NEWS

Babcock ahead to over £20m in demerged form

By Jane Fuller

BABCOCK International, the heavy engineering group, yesterday showed a 13 per cent increase in pre-tax profits...

boiler business, it makes equipment for removing polluting gases from fossil fuel emissions...



Oliver Whitehead: Government about-turn on privatisation of nuclear power presents company with all sorts of challenges.

Mr Oliver Whitehead, chief executive, said the Government's about-turn over the privatisation of nuclear power...

It is trying to diversify, particularly into high-quality, high-technology work. We are not looking at the metal-bashing and where margins are not good...

and Australia, both made about £1m profit. Earnings per share were 3.22p (3.02p). The interim dividend is 1.5p.

Whitbread selling slot machine operation

By Philip Rawstorne

WHITBREAD, the UK brewing and retailing group, is to sell PCM, its machine operating business.

Offers were invited yesterday for the Loughborough-based company which rents and services more than 5,500 coin-operated amusement machines throughout England and Wales.

City estimates suggest it may fetch around £10m.

Whitbread said PCM was trading well and profitably but the operation did not fit with the group's strategic objectives.

PCM is not among the major players in the machine market and to improve its position would require investment that would divert funds from Whitbread's core businesses - beer brands, leisure retailing and pubs.

It was for similar reasons that the group recently put up for sale its wine and spirits division.

Whitbread aims to remain a major customer of PCM which, with a staff of 770 people in 10 locations, operates amusement machines for other brewers, clubs, and the free trade.

This advertisement is issued in compliance with the regulations of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited...

CRT Group PLC

(Incorporated and registered in England under the Companies Act 1985 No. 10024)

Following the acquisition of Bowerley Limited, rights issue of 17,500,000 ordinary shares of 10p each at 40p per share, change of name and related changes arranged by

LLOYDS MERCHANT BANK LIMITED

Share capital following the acquisition and rights issue

Authorised £3,400,000 ordinary shares of 10p each Issued and fully paid £2,350,000

CRT Group PLC (currently R. Smallshaw (Knitwear) plc) will be the holding company of a group whose businesses will comprise consultancy, recruitment, training and the manufacture of fully fashioned knitwear.

The sponsoring member firm in respect of the listing is Smith Keen Cutler. Listing Particulars, dated 24th November, 1989, relating to CRT Group PLC are available in the statistical service maintained by Exel Financial Limited.

K.E. Chapman, Esq., Archway House, Church Street, Easton on the Hill, Stamford, Lincolnshire PE9 3LL.

Lloyds Merchant Bank Limited, 40-66 Queen Victoria Street, London EC4P 4EL.

21st November, 1989

Institutional disquiet over de Savary plan

INSTITUTIONAL disquiet at the £78m management buy-out bid for Highland Participants, the property and ship-repair group run by Mr Peter de Savary, surfaced yesterday at an extraordinary general meeting of the company, writes Nikki Tait.

At yesterday's meeting, Postal, which manages the large British Telecom and Post Office pension funds, questioned Mr de Savary over why no mention was made of the impending cost overruns on the Isle of Grain project when Highland announced interim figures in late-September.

These first came to shareholders' attention generally when the Cornwall offer was announced at the beginning of November.

not to have seen Postal ahead of yesterday's meeting. Afterwards, he maintained that no mention of the cost overruns had been in September because this could have threatened the mbo funding, and because some of the information came to light through the due diligence work done for the deal.

The meeting had been called to approve a separate management buy-out of the group's Isle of Grain development, where there are plans to build a container port facility. The bid for Highland, from Mr de Savary's private Cornwall Trust company, had been made conditional on this going ahead.

The fund managers also queried asset valuations put on certain Highland interests, questioning whether these may have been either over-optimistic at the time of, or in the wake of, the rights issue in July 1988 when Highland acquired the Isle of Grain site, or may now be stated on a "worst case" basis.

Postal added that it did not like management buy-out bids in general, saying that the management team bidding for a company inevitably possesses an information advantage.

Mr de Savary himself was publicly optimistic about the Cornwall bid's chances, claiming that the level of scepticism had remained low ahead of the decision on Isle of Grain.

To the Holders of SHEARSON LEHMAN CMO, INC. Series F, Class F-1 Floating Rate Bonds Due February 20, 2015

FOR EXPERIENCED PRIVATE CLIENTS Stockbroking—Fast, accurate service at a great price.

NEW HOMES ADVERTISING appears every Saturday in the Weekend FT.

Issue of up to US \$ 600,000,000 BANQUE FRANCAISE DU COMMERCE EXTERIEUR

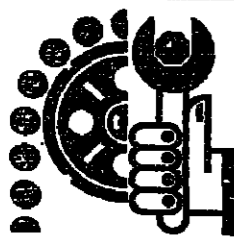
SWANSEA 1st Choice for BUSINESS WE HAVE THE COMPLETE PACKAGE

Fidelity STOCKBROKING To find out more complete the coupon below, or Callfree 0800 800 700.

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LIMITED US \$ 30,000,000. GUARANTEED FLOATING RATE NOTES DUE 1991

On 20th December, 1989, there will become due and payable upon each Note drawn for redemption, the principal amount thereof, together with accrued interest to the redemption date at the offices of: PRINCIPAL PAYING AGENT CREDIT LYONNAIS

FINANCIAL TIMES SURVEY



Cuts in military spending have cast a shadow over the western helicopter industry. The slowly

improving civil market offers some consolation. In any event, pressure is likely to intensify for greater international co-operation between manufacturers, writes Paul Betts

Time is ripe for teamwork

HELICOPTERS have become the Cinderella of aerospace. In sharp contrast with the rest of the industry enjoying boom times and record orders, helicopter manufacturers on both sides of the Atlantic have continued to struggle with flat demand and over-capacity.

Glasnost has added additional uncertainty for an industry whose development and growth has traditionally relied on government defence spending, especially in the US where the military remains the biggest individual buyer of helicopters in the non-Communist world.

Mr Eugene Buckley, president of Sikorsky, the US helicopter group owned by United Technologies, recently acknowledged that arms control initiatives "have started a process that could significantly change the military presence and society's needs in Europe and elsewhere."

Sikorsky, the world's leading helicopter manufacturer with annual sales of \$1.7bn, supplies about 85 per cent of its output to the military sector. Like other leading western manufacturers it is now looking increasingly to the commercial market for longer term growth to compensate for stagnant demand in the military market.

But although the long dormant civil helicopter market has recently shown some signs of re-awakening, the industry concurs that prospects of a recovery remain distant. Figures compiled by Aérospatiale, the French state-owned aerospace group and the largest helicopter manufacturer in Western Europe, show little evidence of an imminent turnaround since the crash in oil prices at the beginning of the decade.

Annual new civil and parapublic helicopter registrations in the non-communist world peaked in 1981 at around 1,300 helicopters. By 1983, they had slumped to less than 600 new registrations. For the past two years, they have been hovering around the 500 level. "The civil market is improving, but not very significantly," says Mr Jean Francois Bigay, the director of Aérospatiale's helicopter division. "But the market remains essentially flat and we don't see the same sort of recovery as in the 1960s or late 1970s," he added.

The figures are equally eloquent for the military side of the business. The market for military helicopters in the non-communist world surged during the Vietnam war in the 1960s, especially in the US.

New orders rose sharply from 1,500 helicopters in 1966 to more than 4,000 in 1967. But by 1972, annual orders had plunged to around 1,200 and have been averaging less than 1,000 a year ever since.

Re-equipment and modernisation of armed forces are expected to sustain new military programmes for attack, support and troop transport helicopters but are unlikely to provide a significant boost in the number of annual orders, the industry forecasts. And this does not take into account the eventual impact of disarmament on the military market.

Under the circumstances, it is hardly surprising that co-operation has increasingly become the name of the game. With over-capacity and over-supply of helicopter companies in the industrialised world - Western Europe has four main helicopter manufacturers, Westland, Aérospatiale, Messerschmitt-Bölkow-Blohm (MBB) and Agusta, competing with the US's four big manufacturers, Sikorsky, Bell-Boeing, Boeing and McDonnell Douglas - co-operation is seen as the most logical way forward to restructure and rationalise the industry. "You are likely to see more

and more co-operation in the future," says Mr Alan Jones, the new chief executive of Westland, whose group has long established ties with Sikorsky and is co-operating with Agusta in a £1bn programme to develop a new 30-seat helicopter for the military and civil market.

"Co-operation can provide a relatively painless solution to the rationalisation of the European helicopter industry. But if co-operation fails, you are likely to see some corpses in the market," warns Mr Bigay of Aérospatiale. In recent months, Sikorsky has also been calling for greater international co-operation in the civil market. The US manufacturer said last month it was now focusing on the commercial market because the improved climate of global co-operation was opening new opportunities for

civil helicopter transport. In the military field, Sikorsky's Mr Buckley said that up to now there had been limited co-operation. In Europe these include the Franco-German NH-90 troop carrier and the bigger Anglo-Italian EH101 transport helicopter as well as the Franco-German HAP/HAC attack and support helicopter.

On the other side of the Atlantic, US companies are teamed up for the LEHX attack helicopter and the V-22 tiltrotor programme to meet US military requirements. Besides the need for enhanced co-operation, the civil helicopter industry faces many other daunting hurdles before it can hope to see a strong recovery of the commercial market. Weak oil prices are expected to continue to hold down demand for helicopters from the offshore oil sector, a prime customer for civil

helicopters. General public perceptions about helicopters and their impact on the environment must also radically change if helicopter transport in city centres is to be developed.

Recent studies by manufacturers show that demand for helicopter shuttle and commuter services is growing. Helicopters could clearly meet the needs of new integrated transport systems and Japan is already considering extensive use of helicopters as one solution to its transport problems. All the studies indicate a growing perception among public and private transport bodies of the potential helicopters could provide to help resolve the congestion on the ground and in the air now threatening air transport. But the industry also concedes it will probably take a long time before helicopter

transport wins wide acceptance from the public. A telling sign of the industry's sentiment was Sikorsky's recent decision to shelve, for the time being at least, plans to develop a large civil helicopter, which the company claimed would become "the 747 of helicopters".

The US group said last month that development of a 75-100 passenger helicopter remained an attractive and viable long-term goal. But it added that it would probably be economically feasible only several years beyond its original turn of the century target. Instead, Sikorsky said it was now focusing on increasing the size and power of its existing S-76 twin-turbine helicopter as a possible next step. However, manufacturers believe that new engineering and technological breakthroughs will help change the

way the public perceives helicopters. Technological improvements will make helicopters quieter and smoother for passengers. Mr Buckley said at the Paris Air Show. Equally important, he added, they will become more welcome neighbours because of the significant reduction in helicopter noise. Increasing speed and reducing noise were the two priorities in new helicopter development, Mr Bigay, of Aérospatiale, also added.

Among the most significant advances in helicopter technology is the tiltrotor developed by a US partnership between Bell-Boeing and Boeing. The tiltrotor is an aircraft which takes off like a helicopter and then converts in flight into a conventional aircraft. Bell and Boeing are currently developing a military version of the aircraft for the US armed forces called the V-22 Osprey. But the two companies believe tiltrotor technology could eventually be adapted to the civil market.

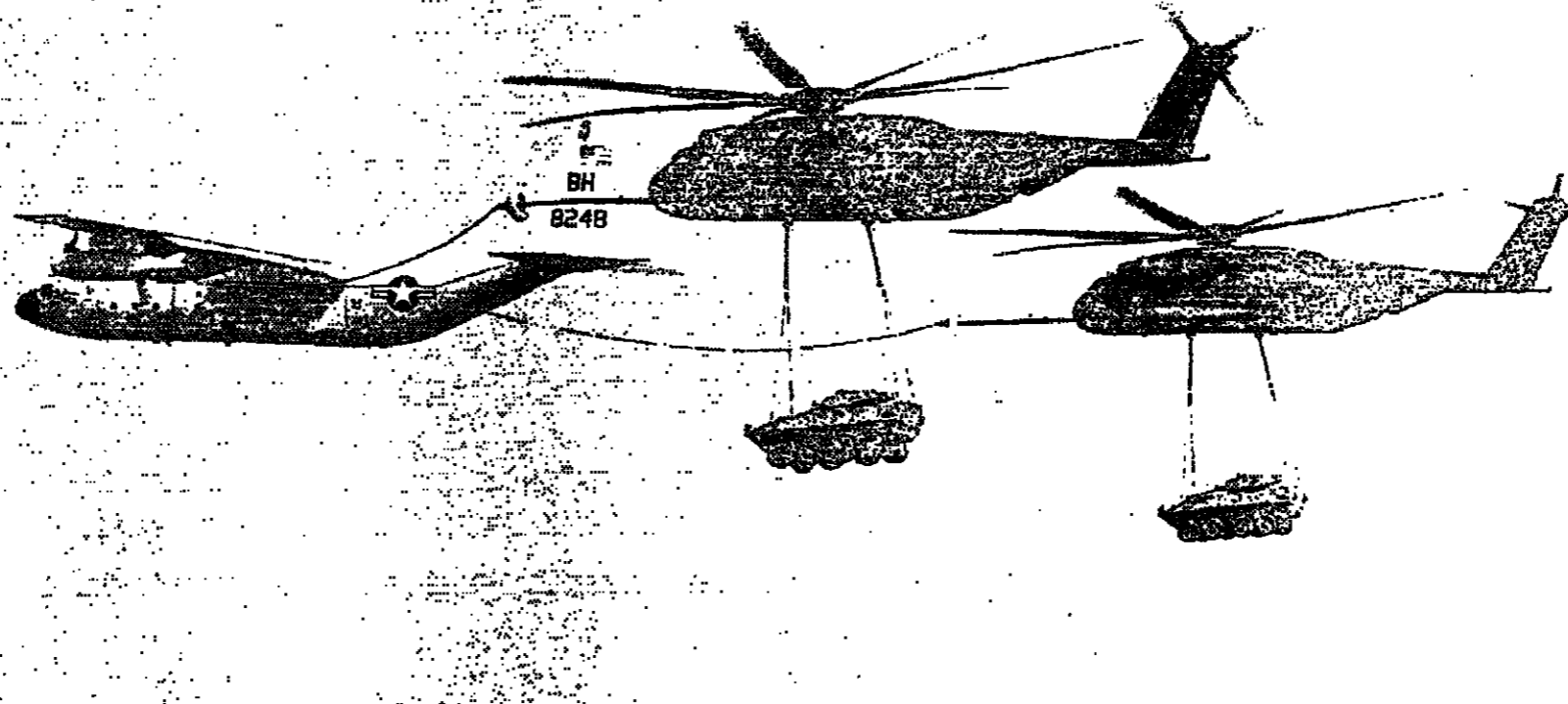
McDonnell Douglas is also increasingly confident about the prospects of another significant innovation in helicopter engineering developed by its helicopter division. This involves a revolutionary design called "Notar" - a "no tail rotor helicopter". In this design, the usual high-speed rotating fan on the tail boom of conventional helicopters is replaced by a stream of air from the aircraft's engine. This makes the helicopter easier to fly, while increasing safety and reducing the pilot's workload.

McDonnell Douglas is applying this technology to the new MD-520N, a variant of its widely-sold MD-520 five-seat helicopter, and to a wholly new eight-seat commercial helicopter, the MDX. The company announced last month that these two new "Notar" helicopters had already helped make 1989 the best year ever for helicopter sales at McDonnell Douglas.

Orders for commercial and light military helicopters totalled 426 in the first nine months of this year including 217 MDX and 113 MD-520N helicopters, the company said. Deliveries of the MD-520N are due to begin in late 1991, while MDX deliveries start two years later.

Customer response to the new McDonnell Douglas "Notar" concept is a clear sign of the crucial role technological innovation will play in helping to regenerate the helicopter market. That, coupled with much broader international co-operation, is likely to be the way ahead for the industry.

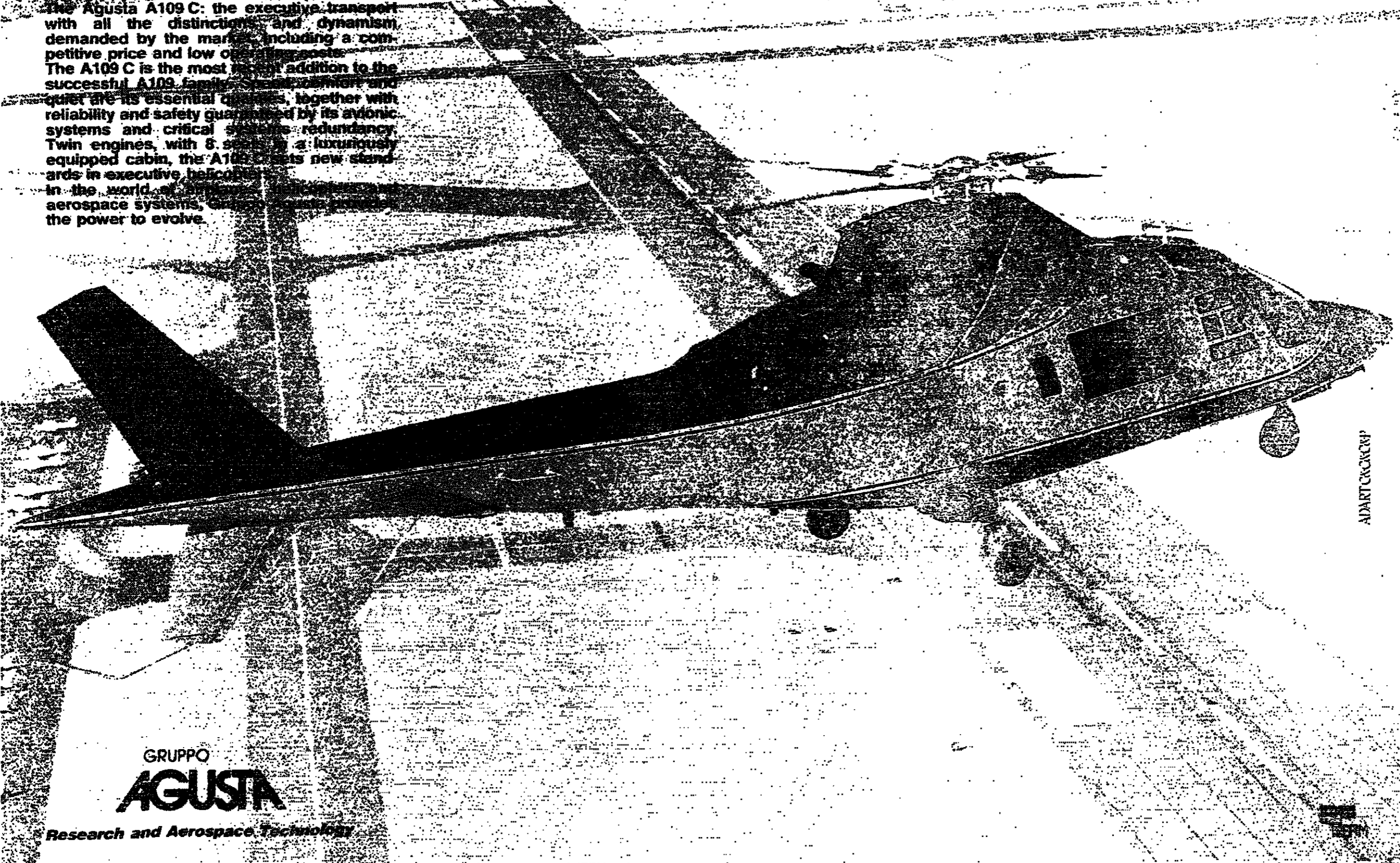
US manufacturer Sikorsky's Super Stallion heavy-lift helicopters refuelling in flight while airlifting armoured vehicles



Helicopters

COMFORT. THE POWER TO EVOLVE.

The Agusta A109 C: the executive transport with all the distinction and dynamism demanded by the market, including a competitive price and low operating costs. The A109 C is the most recent addition to the successful A109 family. It combines quiet and its essential qualities, together with reliability and safety guaranteed by its avionics systems and critical systems redundancy. Twin engines, with 8 seats in a luxuriously equipped cabin, the A109 C sets new standards in executive helicopters in the world. It is the power to evolve.



GRUPPO
AGUSTA

Research and Aerospace Technology

ADART/CIC/CRP

LONDON STOCK EXCHANGE

Equities sharply lower in thin trading

The setback in the pound, which itself signalled wider concerns over the outlook for the economy and for domestic inflation, hit the UK stock market hard yesterday.

Account Dealing Dates table with columns for Nov 13, Nov 27, Dec 11, Dec 21, Dec 22, Dec 28, Dec 29, Jan 9.

market assessed the implications of the upheavals in Eastern Europe. This afternoon brings the pricing for the privatisation of Britain's water supply companies which is intended to raise about \$5.5bn from the equity sector.

increasingly nervous ahead of the announcement on Thursday of the UK trade figures for October. Some UK analysts were yesterday raising their estimates for the monthly current account deficit above the £1.5bn figure previously in vogue.

2,300 mark and the rout continued as sterling weakened and the market digested the latest UK money supply data which was regarded as further confirmation of a slowing economy.

sharply down. At the close, the FT-SE 100 index was 38.3 down at 2,158.1. Seag trading volume at 364.9m shares was still thin, even by recent standards.

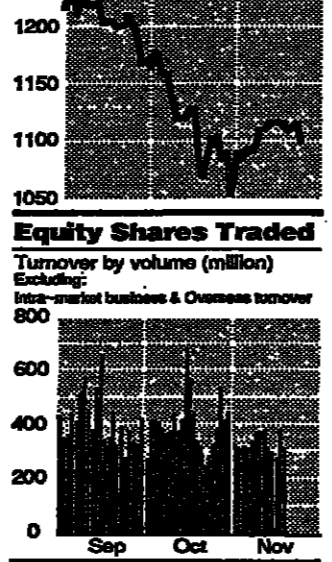
Defence stocks hit

Worries about the impact on leading defence electronics groups of possible cuts in Nato defence budgets carved some big losses throughout share prices of companies such as GEC and Ferranti.

used the excuse of a material change in circumstances to pull out of the deal as it would have increased their exposure to the defence field.

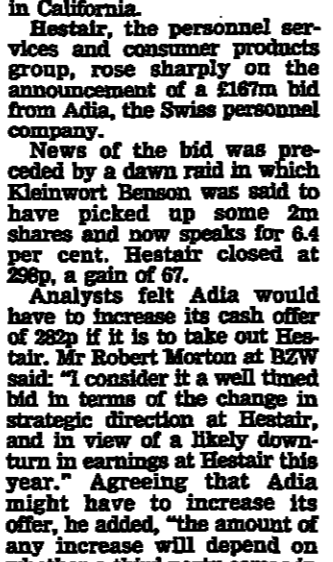
BAA active BAA was the strongest performer of the three FT-SE 100 stocks that rose yesterday ahead of interim figures due this morning.

FT-A All-Share Index



board. Prudential dropped 7 1/2 to 191p in thin trading of only 1.4m after publicity given to the resignation of the group's estate agency head.

Equity Shares Traded



32p on 2.2m despite some persistent buying interest triggered by news of a fire at rival Chevron's El Segundo refinery in California.

Trading Volume in Major Stocks

Table with columns for Stock, Volume, Price, Change, etc. listing major stocks like Astra, BHP, etc.

from one of the larger securities houses left the shares 13 cheaper at 40p. UK Paper had another strong day as dealers continued to speak of possible planning permission for a tranche of land near a planned deep-water port in the Thames estuary.

FINANCIAL TIMES STOCK INDICES

Table of Financial Times Stock Indices including Government Secs, Fixed Interest, Ordinary Share, Gold Mines, FT-SE 100 Share, Ord. Div. Yield, etc.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for major stocks like Astra, BHP, etc. with columns for Stock, Volume, Price, Change.

£120m instead of £124m. BAE shares fell 24 to end at 514p on the news. Rolls-Royce shed 3 to 164p and Smith Industries eased 5 to 263p.

USH trouble

The big fall in United Scientific, the arms manufacturer, as Meggitt, the specialist engineering group, pulled its bid for USH despite having received provisional acceptance in regard of 79.1 per cent of the equity confirmed market doubts about the deal.

NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for 1989 for various sectors like Chemicals, Electronics, etc.

APPOINTMENTS

Enterprise Foundation at Stirling University, takes over as director of the Scottish region of the CONFEDERATION OF BRITISH INDUSTRY in January.

Sheerness Steel makes changes

From January 1 Mr Michael Smith, operations director, has been promoted to deputy managing director, and Mr Martin J. Shirley, director-finance, becomes director-finance and corporate development at SHEERNESS STEEL COMPANY.

Senior post at Sun Life

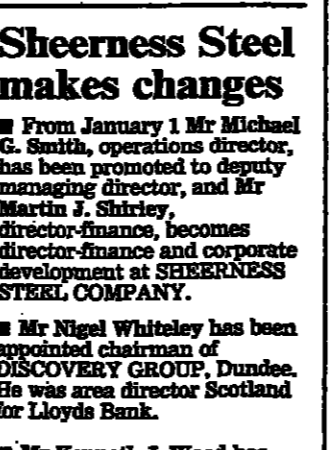
SUN LIFE ASSURANCE SOCIETY has appointed Mr Richard Surface as general manager for corporate development. He was with American Express.

Mr Philip Kitchingman and Mr Noel Pearce have been appointed joint managing directors of the Richmond Design Group, part of ACSIS GROUP.

Mr Alan Proctor has joined the London branch of the HOKKAIDO TAKUSHOBU BANK as manager - corporate finance.



GKN has appointed Mr Howard Davies (above) as non-executive director from January 1. He is controller of the Audit Commission for Local Authorities in England and Wales, and succeeds Mr Philip Chappell who is retiring.



Mr Nigel Whitley has been appointed chairman of DISCOVERY GROUP, Dundee. He was area director Scotland for Lloyds Bank.

Advertisement for 'Going places with Resident Abroad' featuring illustrations of people and text about international career opportunities.

Mr Paul Stokes (above) has been appointed managing director of BERTANNA ROOFING SERVICES, part of SDG construction group, Bedford.

Mr J.G. Cleather has been appointed managing director of RALING ELECTRO-OPTICS, part of The 800 Group. He was general manager and a director of Vickers Instruments, York.

Mr Matthew Evans, chairman and managing director of Faber & Faber Publishing, has joined the board of RHYTHM RADIO as a non-executive director.

JOHNSON WAX, Camberley, has appointed Mr Bill Thomson (left) as director of consumer marketing from January 2. He is category manager, skin care division of the US company. Mr John Griffin (right) has been appointed director of sales, consumer division.

Subscription form for Resident Abroad magazine, including fields for name, address, company, and payment details.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

Main table containing unit trust information including names, managers, and prices. Includes sub-sections like 'GUIDE TO UNIT TRUST PRICING' and 'UNIT TRUST PRICING'.

Handwritten signature or stamp at the bottom of the page.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-625-2128

Table listing various unit trusts such as Wellington Fund, Abbey Life Assurance, and others, with columns for name, price, and other details.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts including Abbey Life Assurance, Abbey Life Assurance Co Ltd, and others, with columns for name, price, and other details.

INSURANCES

Table listing insurance companies and their products, including AA Friendly Society, Abbey Life Assurance, and others, with columns for name, price, and other details.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Fund Name, Bid Price, Offer Price, and other financial metrics. Includes sub-sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', and 'GUERNSEY (ISB RECOGNISED)'.

SWITZERLAND (ISB RECOGNISED)

GUERNSEY (ISB RECOGNISED)

OFFSHORE AND OVERSEAS

GUERNSEY (ISB RECOGNISED)

ISB (ISB RECOGNISED)

LUXEMBOURG (ISB RECOGNISED)

JERSEY (ISB RECOGNISED)

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'ISLE OF MAN', 'LUXEMBOURG', and 'OTHER OFFSHORE FUNDS'.

LONDON SHARE SERVICE

Table of London Share Service, containing sections for 'BRITISH FUNDS', 'BRITISH FUNDS - Contd', 'LOANS', 'FOREIGN BONDS & RAILS', and 'AMERICANS'. Each section lists fund names, prices, and yields.

Main table of London Share Service, listing various share funds and companies with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'Money Market Trust Funds' and 'Money Market Bank Accounts'.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

AMERICANS - Contd. Table with columns for Stock, Price, and other financial data.

CANADIANS. Table with columns for Stock, Price, and other financial data.

BANKS, HP & LEASING. Table with columns for Stock, Price, and other financial data.

BEERS, WINES & SPIRITS. Table with columns for Stock, Price, and other financial data.

BUILDING, TIMBER, ROADS. Table with columns for Stock, Price, and other financial data.

BUILDING, TIMBER, ROADS - Contd. Table with columns for Stock, Price, and other financial data.

CHEMICALS, PLASTICS. Table with columns for Stock, Price, and other financial data.

DRAPERY AND STORES. Table with columns for Stock, Price, and other financial data.

DRAPERY AND STORES - Contd. Table with columns for Stock, Price, and other financial data.

ENGINEERING. Table with columns for Stock, Price, and other financial data.

DRAPERY AND STORES - Contd. Table with columns for Stock, Price, and other financial data.

ELECTRICALS. Table with columns for Stock, Price, and other financial data.

ENGINEERING - Contd. Table with columns for Stock, Price, and other financial data.

ENGINEERING - Contd. Table with columns for Stock, Price, and other financial data.

ENGINEERING - Contd. Table with columns for Stock, Price, and other financial data.

ENGINEERING - Contd. Table with columns for Stock, Price, and other financial data.

ENGINEERING - Contd. Table with columns for Stock, Price, and other financial data.

ENGINEERING - Contd. Table with columns for Stock, Price, and other financial data.

ENGINEERING - Contd. Table with columns for Stock, Price, and other financial data.

ENGINEERING - Contd. Table with columns for Stock, Price, and other financial data.

INDUSTRIALS (Misc.) - Contd. Table with columns for Stock, Price, and other financial data.

INDUSTRIALS (Misc.) - Contd. Table with columns for Stock, Price, and other financial data.

INDUSTRIALS (Misc.) - Contd. Table with columns for Stock, Price, and other financial data.

INDUSTRIALS (Misc.) - Contd. Table with columns for Stock, Price, and other financial data.

INDUSTRIALS (Misc.) - Contd. Table with columns for Stock, Price, and other financial data.

INDUSTRIALS (Misc.) - Contd. Table with columns for Stock, Price, and other financial data.

INDUSTRIALS (Misc.) - Contd. Table with columns for Stock, Price, and other financial data.

INDUSTRIALS (Misc.) - Contd. Table with columns for Stock, Price, and other financial data.

INDUSTRIALS (Misc.) - Contd. Table with columns for Stock, Price, and other financial data.

INSURANCES. Table with columns for Stock, Price, and other financial data.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE

Table of share prices for Leisure sector including companies like Leisure Group, Leisure World, etc.

PAPER, PRINTING, ADVERTISING - Cont'd

Table of share prices for Paper, Printing, Advertising sector including companies like Newsprint, etc.

TEXTILES - Cont'd

Table of share prices for Textiles sector including companies like Textiles, etc.

TRUSTS, FINANCE, LAND - Cont'd

Table of share prices for Trusts, Finance, Land sector including companies like Investment Trusts, etc.

OIL AND GAS - Cont'd

Table of share prices for Oil and Gas sector including companies like Oil & Gas, etc.

MINES - Cont'd

Table of share prices for Mines sector including companies like Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors, Aircraft Trades sector including companies like Motors, etc.

Commercial Vehicles

Table of share prices for Commercial Vehicles sector including companies like Commercial Vehicles, etc.

Components

Table of share prices for Components sector including companies like Components, etc.

Garages and Distributors

Table of share prices for Garages and Distributors sector including companies like Garages, etc.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers, Publishers sector including companies like Newspapers, etc.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, Advertising sector including companies like Paper, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather sector including companies like Shoes, etc.

SOUTH AFRICANS

Table of share prices for South Africans sector including companies like South Africans, etc.

TEXTILES

Table of share prices for Textiles sector including companies like Textiles, etc.

PROPERTY

Table of share prices for Property sector including companies like Property, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land sector including companies like Trusts, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector including companies like Overseas Traders, etc.

PLANTATIONS

Table of share prices for Plantations sector including companies like Plantations, etc.

Tens

Table of share prices for Tens sector including companies like Tens, etc.

MINES

Table of share prices for Mines sector including companies like Mines, etc.

Central Rand

Table of share prices for Central Rand sector including companies like Central Rand, etc.

Eastern Rand

Table of share prices for Eastern Rand sector including companies like Eastern Rand, etc.

Far West Rand

Table of share prices for Far West Rand sector including companies like Far West Rand, etc.

O.F.S.

Table of share prices for O.F.S. sector including companies like O.F.S., etc.

Diamond and Platinum

Table of share prices for Diamond and Platinum sector including companies like Diamond, etc.

Central African

Table of share prices for Central African sector including companies like Central African, etc.

FINANCE

Table of share prices for Finance sector including companies like Finance, etc.

PLANTATIONS

Table of share prices for Plantations sector including companies like Plantations, etc.

Tens

Table of share prices for Tens sector including companies like Tens, etc.

MINES

Table of share prices for Mines sector including companies like Mines, etc.

Central Rand

Table of share prices for Central Rand sector including companies like Central Rand, etc.

Eastern Rand

Table of share prices for Eastern Rand sector including companies like Eastern Rand, etc.

Far West Rand

Table of share prices for Far West Rand sector including companies like Far West Rand, etc.

O.F.S.

Table of share prices for O.F.S. sector including companies like O.F.S., etc.

Diamond and Platinum

Table of share prices for Diamond and Platinum sector including companies like Diamond, etc.

Central African

Table of share prices for Central African sector including companies like Central African, etc.

FINANCE

Table of share prices for Finance sector including companies like Finance, etc.

THIRD MARKET

Table of share prices for Third Market sector including companies like Third Market, etc.

MISCELLANEOUS

Table of share prices for Miscellaneous sector including companies like Miscellaneous, etc.

NOTES

Stock Exchange dealing classifications are indicated to the right of security names...

REGIONAL & IRISH STOCKS

Table of share prices for Regional & Irish Stocks sector including companies like Regional, etc.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options sector including companies like Traditional Options, etc.

This service is available to every Company dealt in on the Stock Exchange throughout the United Kingdom for a fee of 2.00 per annum for each security.

WORLD STOCK MARKETS

Table of world stock markets including sections for Austria, France, Germany, Italy, Sweden, Switzerland, Norway, Spain, and South Africa. Each section lists various stocks with their prices and changes.

Table of Canadian stock markets including sections for Toronto and Montreal. It lists various stocks with their prices and changes.

Table of Japanese stock markets listing various stocks with their prices and changes.

Table of indices including Dow Jones, Standard and Poor's, and various international indices. It provides summary statistics for each index.

Table of New York active stocks and trading activity, listing various stocks and their trading volumes.

Table of Tokyo - Most Active Stocks, listing the top trading stocks in Tokyo.

Advertisement for Financial Times featuring a stylized 'FT' logo and the text 'See the world in a new light.' It includes a promotional message about the publication's international coverage and subscription information.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for 12 Month High, Low, Stock, Div. Yld., P/E, and Change. Includes a note about price movements and a table of dividend data.

NASDAQ NATIONAL MARKET

2pm prices November 20

Table of NASDAQ National Market listing various stocks with columns for Bid, Ask, Last, and Change. Includes a table of dividend data.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for 12 Month High, Low, Stock, Div. Yld., P/E, and Change.

Travelling on Business in the Netherlands? Enjoy reading your complimentary copy of the Financial Times when you're staying in Amsterdam at the Ascot Hotel, American Hotel, Apollo Hotel, Barbizon Centre, Barbizon Palace, Doelen Crest Hotel, Grand Hotel Krasnapolsky, Garden Hotel, Hilton Hotel, Marriott Hotel, Schiphol Hilton Hotel, Sonesta Hotel, Victoria Hotel

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Have your F.T. hand delivered... at no extra charge, if you work in the business centre of VIENNA Vienna 515 62161 And ask Peter Grün of Morawa & Co for details or call Frankfurt (069) 7598-101

AMERICA

Washington defence cuts weigh on share prices

Wall Street

A PLUNGE in defence issues pushed the equity market sharply lower yesterday...

low-through buying after Friday's rally which had taken the Dow to around its best levels for a month...

Weakness in equities yesterday was not confined to defence issues but spread to the broader market...

Blue chips were generally weak yesterday. International Business Machines dropped 4% to \$98.14...

The machinists were scheduled to hold a vote on the agreement last night, after being on strike for six weeks. LIN Broadcasting jumped 4% to \$150.14 on news of an improved offer from McCaw Cellular which has raised its offer by \$25 a share to \$150 a share...

THE US defence budget cuts had side effects in Toronto, on stocks which do business with American defence industries. Shares of CAE Industries, a producer of aircraft simulator units, fell 1.5% to \$51.04.

Connaught, the vaccine maker, climbed 0.7% to C\$37.25. An light volume after strong trading on US over-the-counter trade. A Boston consulting firm hired by Investment Canada was reported to have said that a foreign takeover of Connaught was imperative for the company's survival.

EUROPE

Introspection combines with dearth of volume

THE Continent took a breather yesterday, with some bourses contemplating their navels and all suffering from a lack of volume...

La Rochette jumped FF186.90, or 10 per cent, to FF186.30 on renewed takeover speculation, with fellow paper company Pinaut thought to be the interested party.

Paribas said it would not increase its hostile bid for Mixte after Bouygues lifted its stake, thought to be a friendly one, in the latter. Paribas eased FF7 to FF57 and Mixte FF25 to FF1,855.

MILAN rose in volume which was sharply reduced by a nationwide bank strike. The Comit index gained 7.46 to 863.60.

ZURICH rose in light trading, the Credit Suisse index closing 2.4 higher at 606.1. The employment services group, Adia, lost SF75 to SF8,025 as a bid for Heistr of the UK was rejected.

BRUSSELS ended little changed in thin trading with a surge in the chemical stock UCB providing the main interest. UCB rose FF1,725, or 10 per cent, to FF18,475, although only 2,500 shares were traded.

AMSTERDAM had another very quiet day with shares ending lower in line with Wall Street. The CBS tendency index shed 0.7 to 178.8.

MADRID picked up for a second day, the general index closing just below the 300 level at 289.35, up 3.05.

STOCKHOLM recovered slightly from last week's fall of 5 per cent. The Affarsvarden General index added 5.6 to 1,157.9 in fairly subdued trading.

OSLO closed 3.4 lower at 492.55 on the all-share index in very low volume. The shipping index was worst hit by profit-taking after recent gains.

Blue chip blues add to Sweden's headache

MARKETS IN PERSPECTIVE

Table showing market performance in various currencies over 1 week, 4 weeks, 1 year, and since start of 1989. Includes Australia, Austria, Belgium, Denmark, Finland, France, West Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, UK, and EUROPE.

ASIA PACIFIC

Weaker yen halts Nikkei's run of advances

THE Nikkei average ended its eight-day climb with a moderate fall in dull trading, closing 70.16 lower at 35,974.91...

Turnover dropped to 880m shares from the 870m traded on Friday. The broad-based Topix index declined a minimal 0.27 to 2,717.63.

Sumitomo Corp followed in volume with 19.1m shares and posted a strong gain of Y20 to Y1,600. Sumitomo's popularity stemmed in part from the release of strong business results last Friday.

Also seen to benefit from better trade relations with the Soviet Union were fisheries, such as Kyokuyo, a medium-sized company that was particularly favoured on the possibility that it would see speculative buying. Kyokuyo rose

appeared altogether. Japanese wholesale prices are expected to show a 4 per cent increase, high enough to warrant concern in domestic economic circles.

Share-buying was selective, with the focus on trading companies with Soviet connections, and on fisheries. More than 15 companies with communist ties were included in the Nikkei.

Sumitomo Metal Mining, a leading gold mining company, topped the active list with a strong gain of Y130 to Y2,100.

Weakness in large capitalisation steels and constructions did not stop the OSE average in Osaka from closing with a gain of 70.61 to 37,131.55.

By Alison Maitland

WHILE most stock markets edged ahead last week, Sweden got a nasty shock from some of its favourite blue chips and took a fall of nearly 5 per cent.

It has been undermined by a sharp rise in interest rates, which followed government indications last month that inflation and the current account deficit would be higher than expected over the next two years.

There are worries about the clouded outlook for the motor and paper industries, both of which are central to the Swedish economy.

where car sales in early November were the weakest for more than two years. The demand and supply picture also looks negative, with Swedish institutional money continuing to flow into foreign rather than domestic shares since the restrictions on buying overseas equities were lifted in January.

On the supply side, next month sees the start of trading in Trygg-Ranaas, the country's second largest insurance company, which has handed out 100,000 shares to 900,000 clients, most of whom have never owned stocks before.

There are fears that many will cash in their shares as an early "Christmas present" causing an overhang of stock, says Mr Filipsson.

One potentially positive development, he says, is that individual investors in the tax-incentive Altemansfonder will be allowed to move money freely between bond and equity funds from the new year.

Scandinavia also produced last week's best performing bourse in the shape of Denmark. It rose 3.6 per cent as the announcement of a merger between Danske Bank and Copenhagen Handelsbank served only to increase speculation about where the next restructuring of the financial sector would occur.

Elsewhere in Europe, West Germany had another strong week, boosted by prospects of business with the East, but the performance was more patchy as profit-takers stepped in. Austria recovered some poise after a prolonged tumble, gaining 3.3 per cent over the week.

The world's leaders gave an uninspiring show, even Japan, which rose just 0.7 per cent in spite of five consecutive records in the Nikkei average.

The US, which had to digest a set of economic figures with mixed appeal, ended a volatile week with a similar gain to Japan's. Weaker retail and industrial production figures added to growing talk of recession, while a narrower trade deficit failed to bring cheer. It was left to General Electric to provide a rally on Friday with news of its share buyback.

SEBEN previously. The main feature was strength in second line hotels due to the announcement of further room rate rises, of approximately 15 to 20 per cent, from January 1.

AUSTRALIA showed some early interest in gold shares after a fresh rise in the price, but profit-takers then took the sub-index down 0.5 per cent on the day within a virtually unchanged All Ordinaries index, up 1.2 at 1,635.6.

Turnover was boosted to 170m shares and A\$420m, from 98m and A\$155m, by large block sales of the oil company, Santos, which accounted for A\$300m of the total.

MANILA made a new high, with the composite index 18.41 higher at 1,396.26, after Sunday's generally peaceful plebiscite on the government-sponsored bill for the autonomy of Muslim Mindanao in southern Philippines.

SEOUL shed another 10.86, the composite index closing at 889.97 as traders estimated that new stock totalling 1,000bn won will come on to the market during the next two weeks.

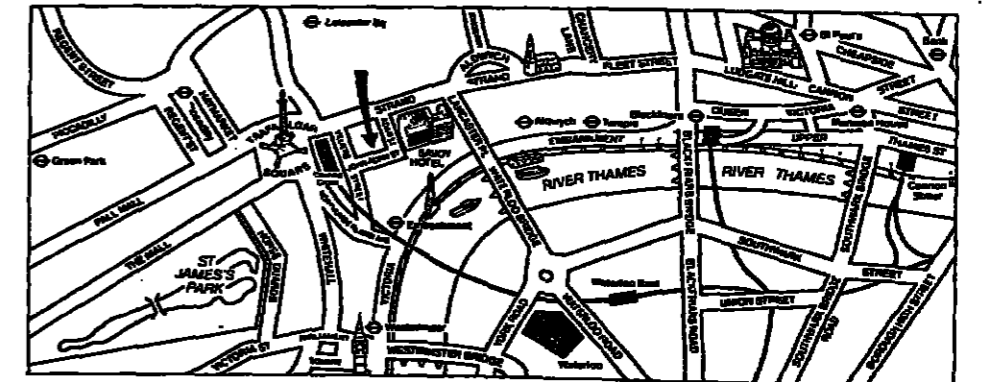
FT-ACTUARIES WORLD INDICES

Table showing FT-Actuaries World Indices for Friday November 17 1989 and Thursday November 16 1989. Includes National and Regional Markets, US Dollar Index, and Dollar Index. Lists countries like Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, and USA.

MANUFACTURERS HANOVER

We are pleased to announce the relocation of the following activities in London to

The Adelphi 1/11 John Adam Street London WC2N 6HT



- Manufacturers Hanover Trust Company Telephone: 01-932 3000
Manufacturers Hanover Limited Telephone: 01-932 4000
Asia Pacific Tel: 01-932 4000
Financial Engineering Group Tel: 01-932 4000
Italy and Southern Europe Tel: 01-932 4000
Scandinavia and Ireland Tel: 01-932 4000
Spain and Portugal Tel: 01-932 4000
U.K. Corporate Group Tel: 01-932 3000
U.K. Multinational Group Tel: 01-932 3000